

Understanding Physician Compensation



Who We Are

After nearly two decades of experience improving our own in-house recruitment, Providence Health & Services felt the need to branch out and provide this same expertise to healthcare systems other than their own.

Provider Solutions & Development came to life in 2018 to expand the mission of provider-centric recruitment.



**Provider Solutions
& Development™**

Our Outreach Team

Founded within the Providence, PS&D's GME Outreach Team was created to serve residents throughout their professional journey. We've partnered with our own residency programs for years, allowing us to create approachable content that supports the resident journey.

Presenters



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Providence



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Manager, Physician Compensation
Providence



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Senior Resident Advisor
Provider Solutions & Development

The Anatomy of Physician Compensation

Compensation Structures

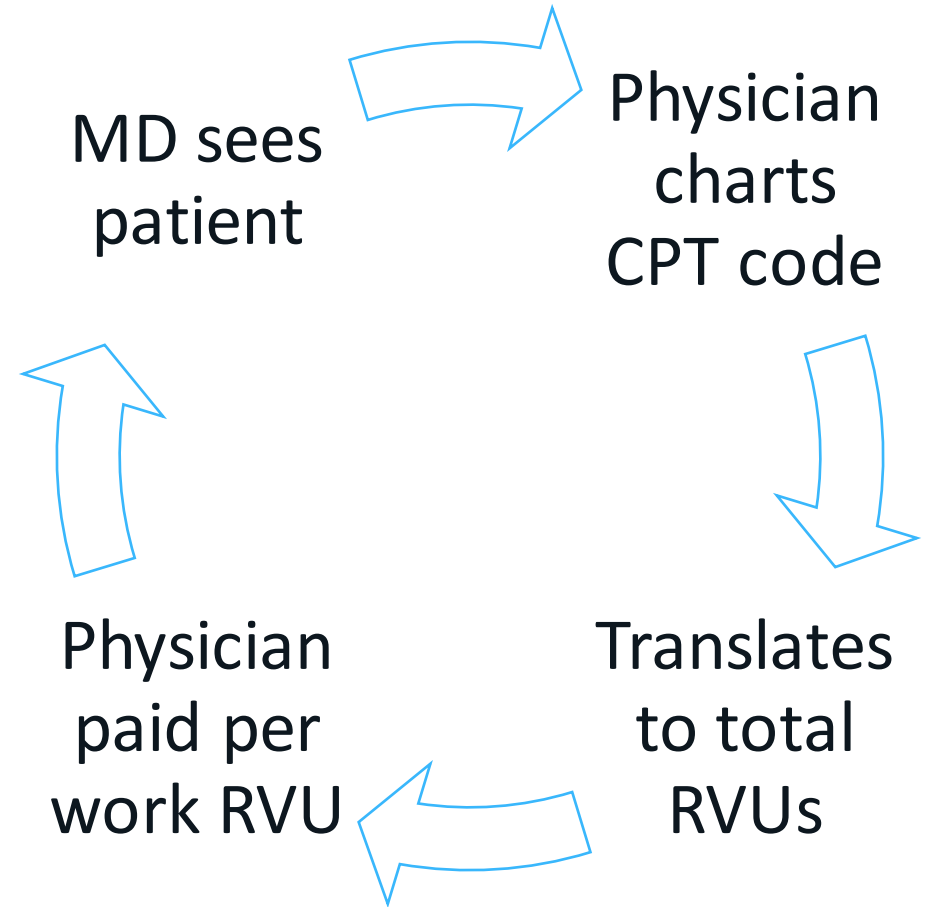
While there is a lot of variation in the types of plans, most fall into three major categories:

- Production Plans
- Shift-Based Plans
- “Salary” Plans

Increasingly, compensation structures include incentives for performance on predetermined quality measures.

What is a wRVU?

What is a wRVU and how does it affect a physician's compensation?



**Total RVU =
Work RVU + Practice Expense RVU + Malpractice RVU**

What is a wRVU and how does it affect a physician's compensation?

99212 (Level 2 Office Visit)

- 10 min average
- Problem-focused history
- Problem-focused examination
- Straightforward medical decision-making

99215 (Level 5 Office Visit)

- 40 min average
- Comprehensive history
- Comprehensive examination
- High complexity medical decision-making

wRVU Application

Salary vs. Production-Based Compensation

Organization A:

Salary Model

- Total Salary: \$200,000

Organization B:

Production-Based Model

- Salary: \$180,000
- Production Threshold: 3,600
- Conversion Factor: \$50 per wRVU generated

Organization A:

Salary Model

- Total Salary: \$200,000

Organization B:

Production-Based Model

- Salary: \$180,000
- Production Threshold: 3,600
- Conversion Factor: \$50 per wRVU generated

...If you produce **3,600** wRVUs this year

Total Cash Compensation: **\$200,000**

Total Cash Compensation: **\$180,000**

Organization A:

Salary Model

- Total Salary: \$200,000

Organization B:

Production-Based Model

- Salary: \$180,000
- Production Threshold: 3,600
- Conversion Factor: \$50 per wRVU generated

...If you produce **4,000** wRVUs this year

Total Cash Compensation: **\$200,000**

Total Cash Compensation: **\$200,000**

Organization A:

Salary Model

- Total Salary: \$200,000

Organization B:

Production-Based Model

- Salary: \$180,000
- Production Threshold: 3,600
- Conversion Factor: \$50 per wRVU generated

...If you produce **4,400** wRVUs this year

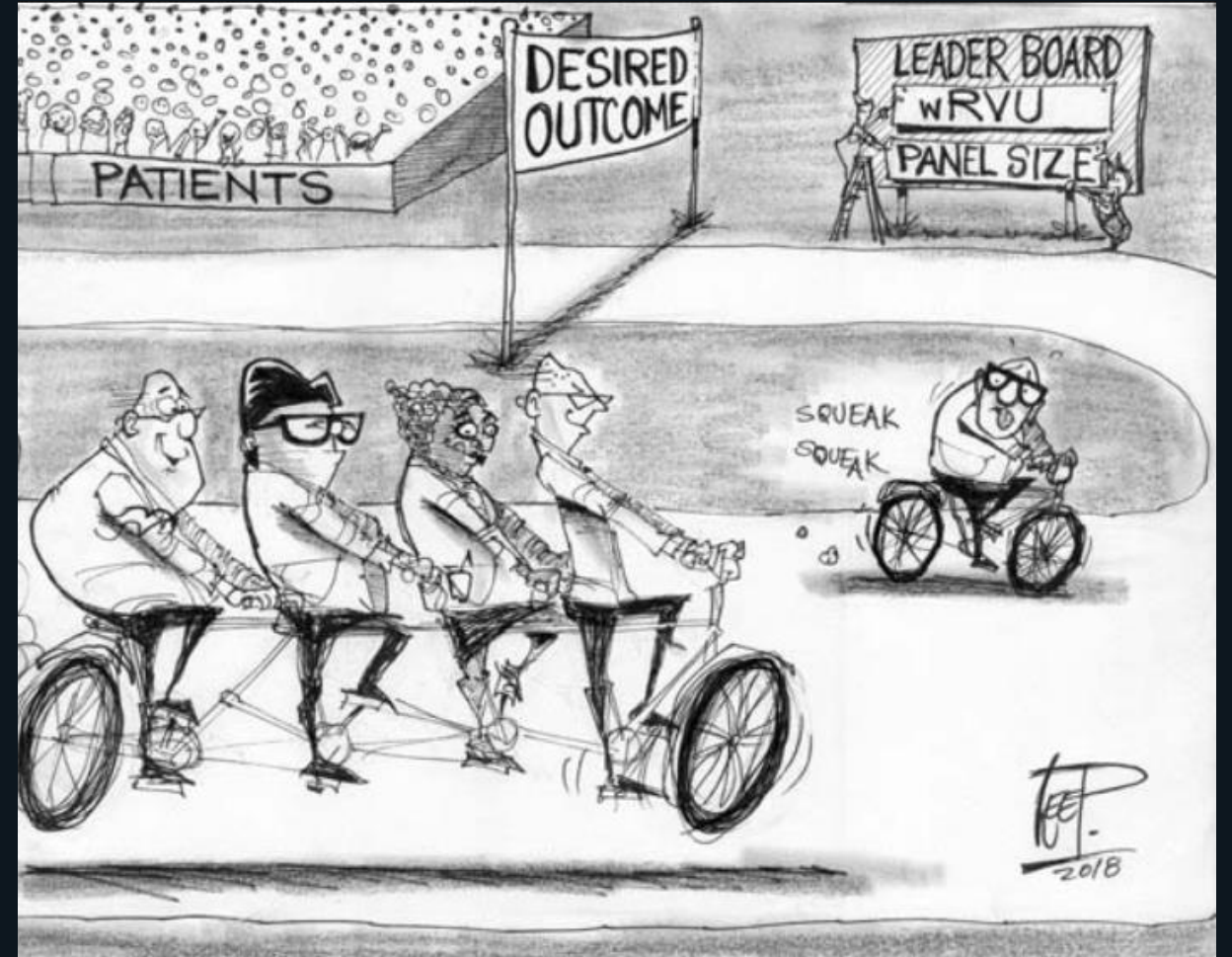
Total Cash Compensation: **\$200,000**

Total Cash Compensation: **\$220,000**

Quality and Value Incentives

Examples

- Production + Value
- Base + Panel + Value
- Salary + Value



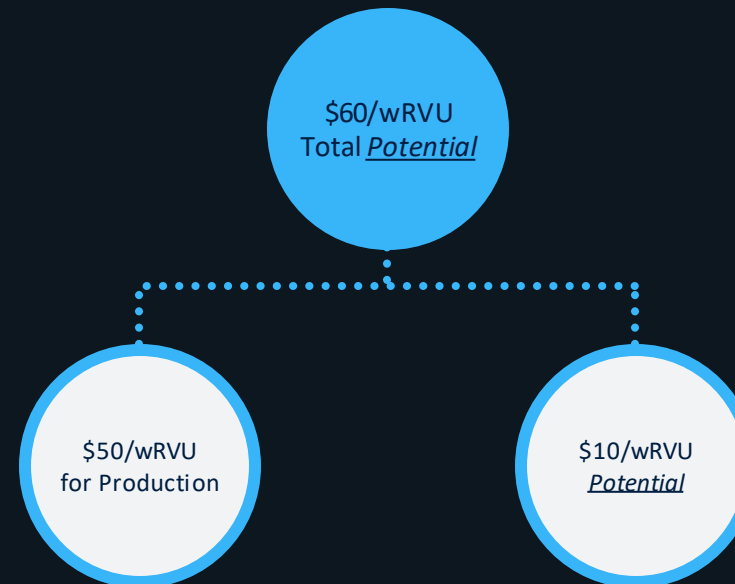
Value-Based Compensation Incentives (VBIs)

Organization A: Salary Model

- Guaranteed Salary: \$200,000
- Value-Based Incentive (VBI): \$20,000

Organization B: Production-Based Model

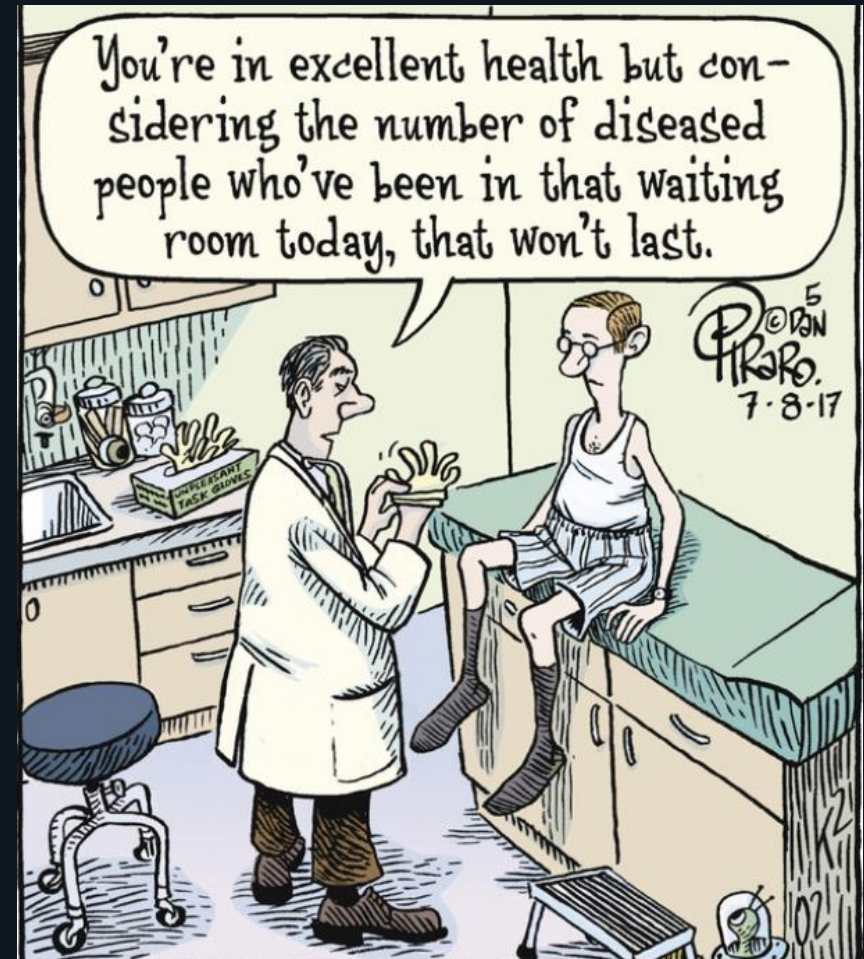
- Guaranteed Salary: \$180,000
- Production Threshold: 3,600
- Production Conversion Factor: \$50
- Value-Based Incentive (VBI): \$10



*Dependent on VBI Achievements

Risk-Adjusted Panel Size

- Guaranteed Salary: \$180,000
- Panel Payment: \$10 per member



Compensation-Related Elements of a Contract

What to look for before you sign:

- All forms of compensation
- Compensation guarantees
- Term of contract
- Payback periods
- Malpractice/tail coverage
- Call ratios
- Moonlighting

Direct vs. Indirect Compensation

Direct

- Provider wages
- Contracted wages
- On-call compensation
- Production-based compensation
- Bonuses (sign-on, retention)
- Relocation

Indirect

- Medical, dental, vision
- Disability
- Retirement
- Malpractice
- Licensure
- Continuing Medical Education (CME)

The “In Between”

- Loan Repayment

Questions to Ask

- What type of mentorship is provided when you start?
- What are the staffing resources available to you?
- What is the policy for working a partial FTE?
- What happens if you outproduce your draw when on your guarantee?
- What can be expected when you roll off your guarantee period?
- Are you provided information to set you up for success when this does happen?
- Do most physicians at this clinic outperform their draw?
- What are the call expectations, both employer and the physician? Do you get paid extra for call?

Q&A