

Physician Employment 101

Top 10 Issues for the Graduating Resident

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Issue #1

This job will end--ALWAYS

Over 50% of newly employed physicians change jobs within two years!

You will leave (sometime):

- New career opportunity
- Fired
- Retired
- Disabled
- Death

Think about the end of the employment relationship before signing the contract—restrictive covenants, privileges, license, buy-out, etc

Issue #2

What is (not) included in the contract is important!

- This contract will be read two times—now and with problems
- If it is important, assure that it is included and very clearly written
- The smaller the fine print, the more important the point
- Look for details on conference and vacation time, professional expenses, health/life/disability insurance, pension/retirement plans, salary, bonus, revenue and volume expectations, etc.
- Assure that specific language exists on how to become a partner/owner—when, how, cost, methodology, etc.
- Have a trusted and knowledgeable advisor review agreement—get someone that understands physician contracts and possible negotiating points—most attorneys can assure a legal contract but can't help with the negotiation details

Issue #3

The contract is only as good as the people involved

- What happened to previous physician employees?
- Did previous physician employees become partners?
- What is the reputation of the practice and physicians?
- Are these ethical people?
- Do you want to work with these people?
- Almost everything is negotiable in small practices
- Almost everything is standard in large practices and hospitals with established HR Departments

Issue #4

Understand the motivation for recruiting a new physician

- What are the goals and practice expectations of the senior physicians?
- Will the senior physicians rotate in the call schedule equally?
- Will the senior physicians continue a full practice (ie. Dropping OB in favor of a GYN only practice)
- Is there an unexpected increase in demand for physician services? Why?

Issue #5

Malpractice Insurance is a big deal

- Assure that you have malpractice insurance
- Confirm that the malpractice insurance includes a tail or is occurrence coverage (don't get stuck with a \$100,000 Tail when you leave!)
- Confirm the limits on malpractice insurance (\$1M/\$3M is standard)
- Confirm that the practice will pay for the malpractice insurance policy
- How have previous malpractice cases been settled—was there cooperation with the hospital?
- Understand the practice malpractice history

Issue #5

Compensation is directly related to supply and demand

- Learn the national and regional average for physician compensation for your specialty
- Prestigious health care organizations and the most attractive areas generally pay less
- If you want to earn big money, go to areas that have a relative shortage of your specialty (rural and urban areas generally)
- Ultimately, you will only get paid up to the balance of revenues less expenses—you cannot expect a slow pace and big compensation

Issue #6

Only a tiny fraction of practice opportunities are advertised

- If you are interested in a specific location, swarm the market and search for possible opportunities
- Recruiters and advertisements only account for a small proportion of practice opportunities
- Most physicians find their first job through colleagues or word of mouth
- Keep an open mind when searching for your first job— not all good practice opportunities are at well known organizations
- Look at several practice opportunities

Issue #7

Understand your real goals before signing an agreement

- Are you motivated by research, personal patient-physician relationships, surgery, nice facilities, a specific location, work-life balance, or big money?
- Do other physicians share similar values related to patient volume, income, quality, work-life balance?
- Assure that the practice will help you achieve your goals
 - if you want to do research, will this busy private practice realistically accommodate this goal?
 - If you want to pay off school loans quickly and then slow down, will the practice accommodate this change or is it easy to get out of the practice?
 - What about your family aspirations—will the practice be flexible about maternity leave? Coaching baseball?

Issue #8

Your spouse is an important person in this decision

- Spouse issues are the biggest reason for leaving a practice
- Does the area have career opportunities for your spouse?
- Does the area have the type of amenities your family enjoys?—skiing, boating, concerts, sports, clubs, opera
- Does your spouse want a small town or a big city?
- Does your spouse need to live near family?

Issue #9

Assure that a termination clause is clearly written and understood

- “for cause” termination is standard for most physician employment contracts—fraud, loss of license, etc
- If you expect a severance package on termination, assure it is written in the contract—90/180/365 days pay
- When you settle down, buy a house, get kids in school, you are stuck in that area--Assure that this is really a long term agreement
- Who collects the accounts receivable upon your departure?

Issue #10

Your first real job is the time for comprehensive financial planning

- Think about Estate planning—Wills and Trusts
- Save at least 3-6 months of living expenses for emergencies ASAP
- Develop a financial plan—school loans, investments, home purchase, retirement, etc
- Develop relationships with key advisors: attorney, accountant, banker, financial advisors
- Start retirement planning and save
- Spend less than you earn—don't keep up with the Jones!
- Before you buy a house, assure this is where you want to live and practice
- A new Ferrari is probably not your optimal first purchase!

Questions?

