

Evan P. Welch, CFP, Thursday, February 3rd, 2011

[Your Practice >>>](#)

How to Get Top Compensation in Private Practice

How does a new physician find the right private practice to join? More specifically, how do you ensure that you receive an appropriate level of compensation? After completing your medical training, as a senior resident or fellow, you may seek to join a private practice. Suddenly, you are confronted with a variety of decisions: becoming credentialed under reimbursement rules; adhering to compliance programs; navigating healthcare's fraud and abuse laws; finding the right practice; and then negotiating your employment agreement.

First, before beginning your search, appreciate the difference between academia and private practice. Many specialty-training programs spare no expense in training their MDs. Private practices, however, are driven by both excellence in clinical care and profitability.

Second, do your homework to uncover the starting salaries in your geographic region for your experience level and specialty. Research salary surveys, network with colleagues, and consult with a financial planner, accountant and attorney focused on the healthcare field. Also understand that a private practice probably will offer either a guaranteed base salary plus a bonus based on productivity, or compensation based solely on productivity.

"Each contract is different and physicians should understand the

common practices within their specialty; for example, dermatologists are typically compensated based on a percentage of collections whereas primary care physicians generally have a base salary plus bonus,” explains Emily Kretchmer, a Boston-based attorney specializing in healthcare.

Further, for the incentive portion, productivity can be measured in different ways; the two most common are collections and work relative value units (RVUs). “If the practice uses collections to measure productivity, negotiate a percentage of collections for your professional services above a predetermined target. If they use RVUs, negotiate a dollar amount to be paid for RVUs that exceeds a certain target,” says Kerry Johnson, a CPA in Boston serving MD clients.

Third, compensation goes beyond your paycheck. Take a careful look at the retirement plan, insurance benefits, and reimbursement of professional expenses. If you have to wait two years to participate in the group’s retirement plan, don’t be afraid to ask for additional salary to compensate for the wait.

Also ask about the group’s long-term disability insurance protection. Maintaining coverage with generous limits and “own occupation” definitions of disability is critical for most young physicians. With large future earnings potential, and typically a smaller net worth than your elder colleagues, it is important to protect your future income in the event of disability. What about malpractice insurance -- if the policy is a claims made policy, where the policy only responds if still in effect, will the private practice cover the “tail” coverage premiums so that you are protected if a patient brings a claim several years after their surgery?

Fourth, remember to consider your quality-of-life and long-term equity in the practice. How often will the partners expect you to be on call,

and how much time off is considered appropriate? How long should you expect to work before being offered ownership in the practice? If the expectation is over three years, you may want to negotiate.

Finally, review the contract carefully and seek outside professional advice, especially if there are provisions you do not understand. The executed contract provisions will govern your existence in your first practice and, depending upon the scope of the non-competition and non-solicitation clauses, these provisions could have a long-lasting impact on your ability to practice in a particular community. Engaging the professional services of an attorney, CPA, and financial advisor who have experience advising physicians, is an important investment in your career and must be done before you sign the dotted line.

Evan P. Welch, CFP of [Antaeus Wealth Advisors LLC](#), seeks to establish enduring relationships with clients and their families. His clients include physicians, business owners, retirees, professionals and those in transition. Based in Boxborough, Mass., Antaeus brings peace of mind to clients by proactively solving their financial puzzles and by helping them make smart choices with their money. Welch can be reached at ewelch@antaeuswealth.com or (978) 264-9999, ext. 206.