

Can You Still Be an Individual?

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Learning Objectives

- Developing survival strategy
- Establish recruitment process
- Creating a retentive environment
- Discuss the costs of an improper selection

What's Out There Today

- **Baby Boomers pre 1964**
 - Consider late in career
 - Good team players
 - Generally second career
- **Generation X 1964-1980**
 - Large diversity in race ethnicity, sexual orientation
 - Highest level of education achievement
 - Comprise most of workforce
- **Generation Y 1980-current**
 - Known as the trophy generation
 - Very accepting of change
 - Not concerned about change
 - Looking for larger meaning of life

Developing a Survival Plan

- A new physician is an investment and should be treated as a capital expense.
- Must perform due diligence
 - Do we need a new physician?
 - What will the cost us?
 - What will they make?
 - What is the ROI?

Developing a Survival Plan

- Determine a physician to population ratio for your specialty using Graduate Medical Education National Advisory Committee
 - PMR is 1:76000 to 105000

Developing a Survival Plan

- Inventory your current community physicians
 - How many current providers are in your area
 - What practices are closed
 - Length of time needed to get appointment
 - Anticipated physician retirements, change in activity

Developing a Survival Plan

- Calculate the following
 - Charges per full time equivalent (FTE)
 - Charges per patient visit
 - Collections per FTE provider
 - Collections per patient visit
 - Overall costs per FTE
 - Staff costs per FTE
 - Medical and office supply cost per FTE

Developing a Survival Plan

	Month 1	Month 2	Month 3	ETC
Patient visits				
Charges/pt vt				
Collection %				
Total net revenue				
Physician salary				
Physician benefits costs				
Staff salaries				
Staff benefits				
Med/office supply cost				
Building/occupancy cost				
Gen/admin cost				
Total cost				
Profit/(loss				

Developing a Survival Plan

- Remember
 - demand for physicians is outgrowing supply
 - Population is growing older so demand could double visits rates
 - Current physician population growing older
 - Medical school enrollments are flat

Establishing a Recruitment Process

- In-house recruiter vs. independent search firm
- Interview process
- Closing the deal what new physicians want

What New Physicians Want

Physicians less than 35 (early)	Physicians 36-40 (mid career)	Physicians > 41 (later)
Geographic location	Geographic location	compensation
Call schedule	Compensation	Practice setting
Practice setting	Practice setting	Geographic location
Compensation	Professional growth/ opportunities	Professional growth/ opportunities
Professional growth/ opportunities	Spouse/ family opportunities	Spouse/ family opportunities

The Interview Process

- Recruiting visit
 - First impressions are key for both sides.
Remember everyone's a doctor
 - Establish a lead individual
 - Responsible for the interactions with everyone throughout the day
 - Establish a visit agenda for everyone involved
 - Establish time to meet everyone in the practice
 - Remember not are you recruiting the individual but you are selling your practice

The Interview Process

- Structured interview
 - This is the formal interview where all questions should be addressed
 - Physician contracts, call, record keeping, policies and procedures and expectations
 - Attendees
 - Partners and new hired physician, admin, spouse, recruit
 - Assign questions to attendees
- Post visit interview
 - Readdress any further questions

The Employment Contract Checklist

- Term
 - Fixed or evergreen
- Physician duties
- Standard of care
- Work schedule
- Representations
- Compensation
- Benefits
- Malpractice
- Expense reimbursement
- Office facilities, equipment, staff
- Third party credentialing
- Termination
- Indemnification
- Confidentiality
- Restrictive covenant
- Dispute resolution

Creating a Retentive Environment

- An effective retention plan respects work life balance and must be flexible to understand this might be different for each physician even though the job is the same
 - 47% of newly hired physicians will leave within the first year
 - 60% will leave within the first 5 year
 - Sink or swim environment does not work with generation Y

Creating a Retentive Environment

- Satisfied Physicians
 - Relationships with patients
 - Relationships with colleagues
 - Family peace
 - Personal growth
 - Freedom to provide quality care
 - Availability of hospital and office resources
 - Prestige for the role of the physician
- Dissatisfied physicians
 - Cost containment
 - Inadequate amount and quality of personal time
 - Inadequate opportunities for research and teaching
 - Lack of autonomy
 - income

Creating a Retentive Environment

- Orientation
 - Structured in nature
 - Introduce to all staff individually
 - Have each administrator meet with physician
 - Schedule hospital orientation
- On-boarding
 - Promotes high level of care technical competence
 - Help physicians with connections to community

Mentoring

- Do not assign a mentor



6.3%
turnover ratio

- Assign a mentor and formalized program



5.3%
turnover ratio

Example:

For every 100 physicians /
the 1% change in turnover =
Loss of 1 physician = \$88K



Retention Strategies Throughout Career Stages

Security
(Early Career)

- Guaranteed compensation
- Advanced technology
- Loan repayment

Opportunity
(Mid-Career)

- Productivity-based compensation
- Partnership/shareholder
- Leadership development

Flexibility
(Late Career)

- Quality of life
- Flexible schedule

Creating a Retentive Environment

- Buy in and ownership is essential to practice success
- Provide nurturing program for physicians and family
 - Name and phone numbers of referring physicians
 - Name and phone number of consulting physicians
 - Meetings that they must attend without pay
 - Meetings they can attend for pay
 - Active membership in professional state and county societies
 - Billing and coding education
 - Compliance education
 - Written policy education
 - Call, incentives, vacation, document completion, dress code, community participation
- **REMEMBER THIS IS AN INVESTEMENT IF PHYSICIAN AND/
SPOUSE DO NOT FEEL WANTED THEY WILL LEAVE**

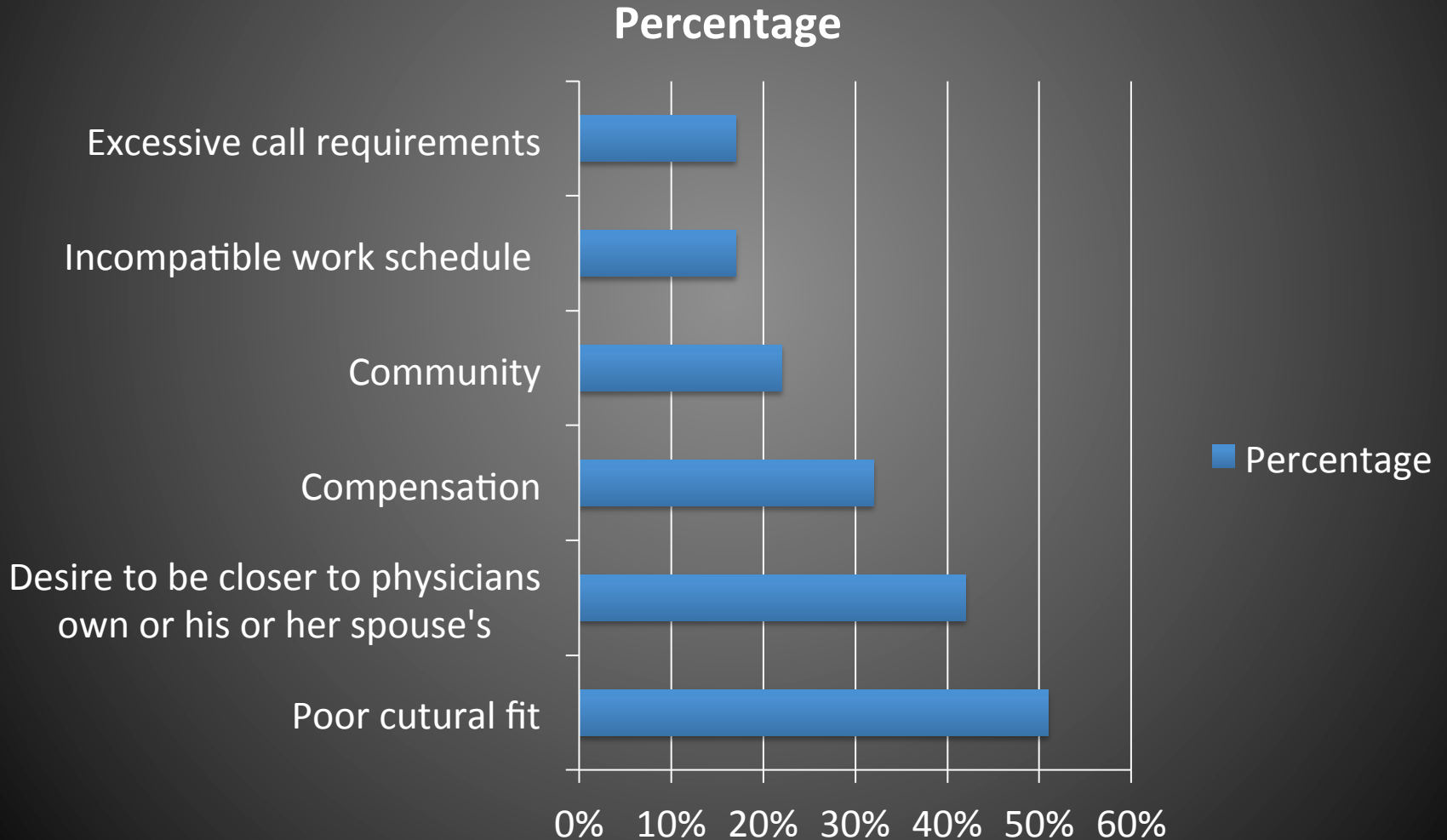
Creating a Retentive Environment

- Measure success
 - Obtain recruit feedback from new physician initially monthly then quarterly
 - Obtain leadership feedback
 - Obtain peer feedback
 - Monitor patient satisfaction surveys on new physician
 - Monitor productivity
 - Inform new physician of any problems and discipline as appropriate.

Cost of Replacing a Physician

- Hiring a physician is a long term investment for a practice and just like any other capital expenditure needs to be looked at it as such.

Why Physicians Leave



Cost of Replacing a Physician

Recruiting Costs per Vacancy	“Hard cost”
Agency recruiting fees	\$0 - \$30,000
Sourcing/Advertising	\$0 - \$10,000
Interview: Travel cost ¹	\$0 - \$2,205
Interview: Entertainment ¹	\$0 - \$911
Signing bonus	\$0 - \$30,000
Moving cost	\$0 - \$15,000
Total	Up to \$88,116

¹ Average Interview Cost per Vacancy

Source: 2011 Cejka Search and AMGA Physician Retention Survey

Cost of Replacing a Physician

Twelve Month Start-Up Practice Cost

PCP	\$156,164
Specialist	\$253,360
Average Start-Up Cost Per Physician FTE	\$211,063

Source: Trinity Mother Francis Hospitals and Clinics

How to survive- conclusion

- Developing a new physician business plan
 - a new physician is a long term investment and should be treated as such- ROI may be 3 years
- Establish recruitment process
 - Recruitment should be structured, analytical and comprehensive
 - They are all doctors
- Creating a retentive environment
 - Reassess their needs both physician and family
 - Mentor new physicians
- Discuss the costs of an improper selection
 - Improper selection has a cost on average of 250K
 - Following steps 1 to 3 should reduce this factor

References

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