



HealthValueGroup

Identifying *Fair Market Value* in the healthcare space



2017

Physician Compensation Report

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Each year, some of the top healthcare research and recruiting firms publish the results of their annual physician compensation surveys. The analysts at HealthValue Group review the survey results, compile a summary of the key findings, and report the information in a quick-read format. The following information and data was derived from survey results from MGMA, AMGA, ECG, Sullivan Cotter, Medscape, Merritt Hawkins (MH) and The Medicus Firm (TMF). (A brief description of each organization is listed below.)

Physicians in Highest Demand

- Family Medicine
- Psychiatry
- Internal Medicine
- OB/GYN

43% of MH's search assignments were requested by hospitals and 27% were requested by group practices. Nurse practitioners were in the top five of most requested search assignments for Merritt Hawkins.

Compensation Trends

- Average starting compensation for family physicians rose 17% in the past two years to \$231,000.¹
- Average starting salary for a general internist rose 24% in the past two years to \$257,000.¹
- Average starting salary for internal medicine grew to \$244,186.²
- Average primary care starting salary grew 11% in 2016 to \$229,734.²
- Total compensation packages for primary care were up 13.6% to \$257,500.²
- Average salary per placement for family medicine physicians were up 5.9% to \$222,700.²
- Average total compensation package for internal medicine were up 5.9% to \$273,410.²
- Non-invasive cardiology and radiology compensation declined 13.2% and 8.2%.¹
- Invasive cardiology, orthopedic surgery and radiology top the list of the highest paid physicians.
- Compensation for urology was up 9% in 2016 according to the Medscape survey.

Benefits Offered

- | | |
|---------------------------|-----|
| ■ Health Insurance | 87% |
| ■ Malpractice Insurance | 86% |
| ■ Retirement | 75% |
| ■ Educational Forgiveness | 25% |
| ■ CME Reimbursement | 95% |
| ■ Commuter Assistance | 6% |

Bonuses

- According to Medscape, 36% of survey participants received a bonus.
- Average signing bonus for family medicine physicians rose 40.2% to \$27,191.²
- Signing bonuses averaged 12% of base compensation or approximately \$29,000.²
- Average signing bonus offered was \$32,636.¹
- 76% of MH searches offered a signing bonus.¹
- Average relocation allowance was \$10,0721 and 96% of job searches offered this incentive.

Physician Productivity

- Work RVUs continue to be the most frequently used metric for productivity.
- 32% of TMF respondents report working 41 to 50 hours per week.
- 38% of Medscape respondents report spending 10 to 15 hours per week on paperwork.
- 53% of Medscape respondents report spending 30 to 45 hours per week seeing patients.

¹ Merritt Hawkins 2017 Review of Physician and Advanced Practitioner Recruiting Incentives

² The Medicus Firm's 2017 Primary Care & Advance Practice Placement Report

Physician Compensations

Specialty	MGMA	Sullivan Cotter	AMGA	ECG	Medscape	Merritt Hawkins ¹	Medicus Firm ¹	Mean	Median
Anesthesiology	\$447,796	\$428,888	\$415,685	\$408,444	\$364,000	\$376,000	\$401,000	\$405,973	\$408,444
Cardiology (invasive)	\$588,638	\$614,714	\$598,675	\$541,072	n/a	\$563,000	\$454,000	\$560,017	\$575,819
Cardiology (noninvasive)	\$470,610	\$489,459	\$485,945	\$449,607	\$410,000	\$428,000	n/a	\$455,604	\$460,109
Dermatology	\$422,884	\$503,510	\$457,118	\$504,746	\$386,000	\$421,000	n/a	\$449,210	\$440,001
Emergency Medicine	\$334,065	\$353,985	\$348,178	\$318,277	\$339,000	\$349,000	\$337,000	\$339,929	\$339,000
Family Medicine	\$234,110	\$264,123	\$242,210	\$242,000	\$209,000	\$231,000	\$229,000	\$235,920	\$234,110
Gastroenterology	\$531,696	\$526,685	\$519,124	\$505,582	\$391,000	\$492,000	\$443,000	\$487,012	\$505,582
General Surgery	\$407,519	\$441,262	\$413,047	\$404,081	\$352,000	\$411,000	\$379,000	\$401,130	\$407,519
Hospitalist	\$285,102	\$292,687	\$281,500	\$269,472	n/a	\$264,000	\$266,000	\$276,460	\$275,486
Intensivist	\$381,000	\$400,232	\$400,000	\$399,791	n/a	\$380,000	n/a	\$392,205	\$399,791
Internal Medicine	\$247,954	\$275,752	\$259,765	\$252,750	\$225,000	\$257,000	\$255,000	\$253,317	\$255,000
Neonatology	\$322,758	\$348,763	\$337,388	\$305,478	n/a	\$336,000	n/a	\$330,077	\$336,000
Neurology	\$305,989	\$307,584	\$295,211	\$291,861	\$249,000	\$305,000	\$287,000	\$291,664	\$295,211
Obstetrics/Gynecology	\$340,691	\$371,803	\$342,700	\$337,050	\$286,000	\$335,000	\$320,000	\$333,321	\$337,050
Oncology (incl. hematology)	\$448,000	\$451,890	\$444,766	\$427,344	\$330,000	\$471,000	\$425,000	\$428,286	\$444,766
Orthopedic Surgery	\$592,019	\$621,113	\$581,092	\$574,910	n/a	\$579,000	\$581,000	\$588,189	\$581,046
Pathology	\$354,814	\$375,473	\$373,794	\$363,003	\$293,000	\$290,000	n/a	\$341,681	\$358,909
Pediatrics	\$228,068	\$259,862	\$241,116	\$242,084	\$202,000	\$240,000	\$229,000	\$234,590	\$240,000
Plastic Surgery	\$509,561	\$550,840	\$528,283	\$493,445	\$440,000	\$350,000	n/a	\$478,688	\$501,503
Psychiatry	\$267,766	\$272,374	\$266,540	\$256,636	\$235,000	\$263,000	\$248,000	\$258,474	\$263,000
Radiation Oncology	\$523,121	\$541,123	\$525,000	\$502,996	n/a	\$488,000	n/a	\$516,048	\$523,121
Radiology	\$489,090	\$515,670	\$503,225	\$529,244	\$396,000	\$436,000	\$470,000	\$477,033	\$489,090
Urology	\$447,916	\$476,191	\$453,680	\$469,514	\$400,000	\$460,000	\$442,000	\$449,900	\$453,680

Data above obtained from Modern Healthcare July, 2017 issue.

Figures above are based on 2016 survey data and represents average cash compensation which includes salary and bonus.

n/a - data not reported

¹ Data point represents average starting salary.

Responsible Use of the Data

Careful and responsible use of this data is paramount to protecting a healthcare organization from regulatory compliance risk. Relying on data from a single salary survey can result in significantly different or invalid conclusions regarding physician fair market value (FMV) compensation and create compliance issues. Regulatory guidance encourages healthcare organizations to use numerous salary survey sources when determining FMV compensation. Specifically, with respect to FMV determination, the Phase III rule of the Stark Law states that “reference to multiple, objective, independently published salary surveys remains a prudent practice for evaluating fair market value.”³ Simply selecting the 90th percentile from MGMA or applying a simple average is a sure way to elevate risk. Instead, when applying the data from the various surveys, it is sensible to consider various factors, such as:

- Geography
- Physician Productivity
- Physician Experience
- Number of Respondents
- Type of Respondents

³ 42 C.F.R. 411.351 (2011)

Best Practices for Using Survey Data

- Use multiple data points
- Use a consistent method
- Apply a weighted average based on sample size
- Utilize multiple surveys
- Don't assume the median is a safe or conservative figure
- Make sure to understand how "compensation" is defined
- Analyze productivity (compensation-per-wRVU and compensation/collection ratio)
- Be cautious if the total compensation per wRVU exceeds the 75th percentile
- Take caution when using a straight \$-per-wRVU compensation model

Healthcare Research and Recruiting Firms

MGMA-ACMPE - Medical Group Management Associates (MGMA) and American College of Medical Practice Executives (ACMPE) is a healthcare professional membership association. The full 2017 report can be obtained at mgma.com/store/surveys-and-benchmarking.

AMGA - The American Medical Group Association is a healthcare trade association representing medical groups and health systems. For more information on their 2017 survey contact Chris Gibbs at 703-838-0033.

ECG - ECG Management Consultants is a healthcare research and consulting firm. To obtain their full 2017 survey go to <http://www.ecgmc.com/tools/surveys/physician-compensation-survey>.

Sullivan, Cotter & Associates - Sullivan Cotter is national independent consulting firm specializing in physician and employee compensation in the healthcare and non-profit industries. Contact Sullivan Cotter at 888-739-7039 or surveys360@sullivancotter.com

Medscape is a healthcare information website offered by WebMD. Medscape.com offers healthcare professionals medical information and educational tools. Their annual survey can be obtained at www.medscape.com.

Merritt Hawkins is a one of the nation's largest physician recruiting firms. Merritt Hawkins' annual Physician Salary and Incentive Review is the longest consecutively published and most comprehensive report on physician recruiting incentives in the industry. Contact Merritt Hawkins for a copy of their report; (800) 876-0500; merritthawks.com.

The Medicus Firm is a Dallas-based physician search firm. Findings from their survey are available free of charge. For more information, contact Andrea Santiago at 888-260-4242.

Contact HealthValue Group for assistance in developing a proper fair market value compensation.

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