

WIM Meeting Notes 10/10/06

Topic: Contract Negotiations for MCG graduates entering private practice.

Purpose: To educate graduating interns/residents/fellows on contract negotiations, job opportunities, and issues related to private practice.

Participants: Successful private practice physicians and MCG impending graduates.

Forum: A luncheon at Augustino's. Community private practice physicians and impending graduates were invited.

Sponsor: Dr. Akima Harrigan, Astra-Zenaca

Topics discussed:

1. The differences between academic, community hospital, and private practices.
2. Private practice buy-ins, Sweat vs. Equity buy-ins, and sources of funding for equity buy-ins (This is expensive, you will require a loan which the practice manager can arrange, you may be able to pay as you go). Basically, when you buy in, you pay for a portion of the practice. The portion usually depends on the number of partners (i.e., if you are 1 of 4, you pay 25%).
3. How private practitioners pay for rent on offices and staffing (Equal contributions vs. %RVU contributions).
4. What is an RVU (Many participants did not understand this concept). Relative Value Units- the amount of money you get from each patient encounter and the subsequent billing, usually measured on a monthly basis. Medicare web sites publish these, they may be higher by insurance coverage. You are paid from insurers based on RVUs. This is based on E and M coding. All participants recommended taking a coding class after graduation.
5. Disability insurance – summation: get it while young,: this stuff is expensive and no longer practice specific. Per our panelists, your medical society (AMA/AAPF) may be the best source.
6. Contract issues- non-compete clauses, tail coverage, time you owe before dissolution of the contract, will you be paid salary or based on RVUs? For those setting up a practice, consider salary first, then switch to RVUs when your practice is built. When can you achieve partnership? How will you buy in? Will you have the cash resources to buy in? All participants recommended having all contracts reviewed by a contract lawyer.
7. Locum-tenens/moon-lighting: an excellent way to assess your needs before making a commitment.
8. Retirement vesting: Learn when you vest, buy in maximally to all opportunities (usually 401Ks or 403bs) to reduce your taxable income.

In all, an excellent meeting. It was surprising that the community private practice physicians learned a great deal from each other based on their various contract arrangements. Paying for a private practice is a variable process that depends on the individual practice. Paying attention to billing, your contract specifics, the RVUs you generate, insurance issues, and retirement issues are critical. We have decided that these issues are so critical, that we will address these issues again in our January meeting. We are deeply indebted to our community private practitioners who took the time to educate us. We also appreciate our MCG graduates that took time out to attend the meeting.