Maximizing Your Success as a Hospital Employed Neurosurgeon

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1. Evaluating whether to become a hospital employee:

    a. Know what kind of practice you are joining, and make sure you are comfortable with the dynamics of the practice and the goals of the practice. Some common hospital-employed practice types are:
        i. A new group created pro forma by the hospital to compete with an existing neurosurgery practice
        ii. A group practice that functioned as an independent group and leveraged its power to obtain employment and improve their economic position
        iii. A well-established hospital-employed practice, often with subspecialized neurosurgical care
    b. What are the goals of the practice? Make sure they are in line with your own professional goals. Be sure you understand the following things about the current practice and goals for future practice development:
        i. Call coverage/schedule
        ii. Elective practice
        iii. Level of Acuity
        iv. How much business development will you need to do?
        v. Do they have/are they seeking to develop subspecialized neurosurgical care
        vi. Do they have/are they seeking to develop a significant stroke program
        vii. Are the neurosurgeons currently first-adopters of new technology?
        viii. Is the practice/institution seeking to innovate new treatments/technology? Can they support your research interests?
    c. What is the business plan? How will you develop a busy practice? Are you convinced the hospital can meet its goals for the practice?
        i. Does the hospital need additional technology in order to become successful?
        ii. Is there a marketing budget?
            1. Will you have a marketing person devoted to your practice or will you have to fight for priority with a marketing department? What assurance do you have that the marketing of your practice will actually take place?
        iii. How will you be introduced to referral sources?
            1. Is there a practice administrator or physician liaison who will be in charge of setting up introductions for you to other local physicians?
        iv. Is there a way for the hospital to use its influence to steer referrals to you?
            1. Are there patients that are covered by an insurance plan controlled by the hospital?

2. Are there primary care and/or neurology practices employed by the hospitals that will be expected to steer referrals to you?
3. Will the hospital actually use its influence to steer referrals to you?
4. Who is in charge of referring unassigned patients?

2. Effective negotiating and risk taking[1]
    a. Make sure you have the ability to walk away or use other options before you begin negotiating if at all possible.
    b. Understand that different people have different agendas and perspectives.
    c. Even if you have enough leverage to "play hardball," (e.g. you believe your hospital has no other options except to negotiate with you) always take a collaborative approach. You never know whether you might have underestimated the resources or options of the other party.
    d. How to Reach An Agreement:
        i. Make two lists:
            1. Your <u>needs</u> and <u>wants.</u>
            2. The other parties <u>needs</u> and <u>wants.</u>
            3. Note: You may have to ask the other party to discuss their needs and wants with you. This invites dialogue.
        ii. Never threaten. You can educate the other party that you have other options, but do not threaten.
        iii. Never bluff with something you are not willing to do.
        iv. Never take it personally if the other side will not give you what you want.
        v. Be creative and collaborative to see if you can find other ways to meet your goals while giving the other party something it wants. This is incredibly important—you may need to be creative or accept a second-best, but acceptable, option if it helps the other side meet some of their goals as well.
    e. If you cannot reach an agreement, agree to disagree. You can ask if you can re-address the issue in 6 months or a year if you are either already working at the hospital or plan to join the hospital despite the disagreement, or you can exercise your options to do something different (e.g. take a different position).
    f. Keep Negotiations Private—doctors love to talk, and making your negotiations public can put you at a disadvantage.
3. How Much Are You Worth?
    a. You are worth what a willing hospital will pay for you, regardless of national benchmarking data. They may be willing to pay considerably more or considerably less than the national benchmarks.
        i. What a hospital will pay a neurosurgeon depends largely on what the hospital perceives its other options to be in order to provide a neurosurgery service line that meets its quality standards.

[1] Many thanks and all the credit for these strategies on Effective Negotiating and Risk Taking goes to Dr. Joel Siegal, Neurosurgeon in Cleveland, Ohio!

ii. The hospital may or may not value your individual services as much as you think it should. Do not "play hardball" unless you have another option that you could live with, or you may find yourself out of a job with no good alternative. Even if you are in a position to be demanding, always take a collaborative and educational approach to supporting your compensation package.
iii. Hospitals are not mutually interchangeable, just like neurosurgeons are not mutually interchangeable. They are not all created equal, and may have very different goals. The institutional will to support neurosciences depends on hospital administration, which is comprised of people who may differ widely in opinions. To negotiate, you may have to be willing to move.

b. Hospitals must generally show that they are paying no more than "fair market value" for a physician's services for purposes of complying with Federal laws. National benchmarking data is often used for the purpose of determining Fair Market Value. You should have:
   i. MGMA Data
   ii. NERVES data
   iii. RSM McGladrey Data
c. If you are negotiating a package in excess of the norms demonstrated by national benchmarking data, you may need to enlist the help of a valuator who specializes in highly compensated physicians. The following valuators have been used by other neurosurgeons or hospitals employing neurosurgeons:
   i. David White—Pinnacle Healthcare Consulting: mobile (303) 521-1149
   ii. Curtis Bernstein, Sinaiko Healthcare Consulting: mobile 720-240-4440
   iii. Jen Johnson, VMG Health: office 214-369-4888

4. Negotiating a Contract—How to Make Sure You Get What You Bargain For:
   a. Only Contract With People You Trust: A contract is only as good as the people on both sides of the deal. If either does not make good on their promises, you are stuck with paper and the possibility of a lawsuit.
   b. Use an Expert Lawyer with a Collaborative Approach to Problem-Solving: Many lawyers do not understand that a job may have unique features that you want, and it may not be easy to find a similar job. Make sure your lawyer knows not to push so hard they will break the deal if the job is unique and you really need or want that particular position. A great lawyer will let you know all of the problems with the contract and then help you prioritize them so you know what you really need to work out with the hospital, and you know which terms are not ideal but you are willing to accept anyway.
   c. Understand who you are dealing with: A large institutional employer that is employing hundreds of doctors is likely to be less negotiable than a smaller institutional employer, partly for ease of contract administration and partly so they do not set precedents they do not wish to follow with other physicians. The institution's willingness to negotiate usually depends in large part on what it thinks its other options are.
   d. Understand that All Contracts Can Be Broken: A contract is only evidence of an agreement. You can make a contract that is expensive to break, but not a contract that is

unbreakable. The real duration of a contract is determined by the "out" clause, not by the number of years the hospital provides as a guaranteed income.

5. Negotiating Pay for Call as a Hospital Employee: It is common for a contract to provide that a certain number of days of call are included in the neurosurgeon's compensation. Often call in excess of 10 days/month is compensated at a certain rate. The rates are entirely variable. Pay for Call data is available through the NERVES survey.
6. Retaining Control of Your Colleagues: Once you are employed by a hospital, the practice is the hospital's practice, not your own. It is very important to clarify what role you and the other neurosurgeons will have in future recruiting, and whether the hospital can hire another neurosurgeon over the objections of you and the other employed neurosurgeons. The extent of partnership in recruiting is something that may change over time, and an important factor to discuss in your hiring process.
7. Working with staff:
   a. With some frequency, mid-career neurosurgeons seem to run into trouble with staff after becoming employed. There is often a big difference between working in an office where the staff is employed by you as an independent practitioner, and working in a corporate environment where the staff reports to the HR department!
   b. Come in to your new position quietly, even if you were hired as a program leader. Take a few months to assess your situation and relationships in the office before trying to change anything. If you need changes, understand that you may have to work through a corporate process in order to make those changes happen—the people in your office may not be under your control and may in fact complain about you to the point where you are perceived as "the problem." Remember that the articulated goals of administration may not be the goals of the staff who are assigned to work with you. Even if an administration hires you to build a big program, administrative staff and mid-level providers may be unlikely to want to work any harder for you than they have done in the past. Be careful of your relationships here, as we have seen office staff and mid-level providers accuse newly hired neurosurgeons of being difficult at best or inappropriate, abusive or dishonest at worst, possibly to get out of new work demands.
8. Recruiting Incentives:
   a. Tail Insurance: Most hospitals can assist with payment of tail insurance if necessary. This payoff is often structured as a 2 to 5 year forgivable loan, so if you leave your new employer, you may either have to pay back or find a new employer to cover the amount for which you are liable. If the hospital cannot or will not cover the entire cost of the tail insurance, other options include an advance on your salary or a bridge loan through a local bank.
   b. Educational Loans: Most hospitals can assist with payment of educational loans. This is often structured as a 3 year forgivable loan. Sometimes there is a specific amount the hospital is authorized to use for recruitment

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incentives and that amount must be allocated between loan repayments, tail insurance, signing bonus, etc.

c. Signing Bonus: An average signing bonus is $25K in our experience, but larger amounts are reasonably common as well. Signing bonuses of $100K are being reported, but not in large numbers. The hospital's legal counsel will need to justify a large signing bonus as within FMV. Use of a professional valuator is suggested.

9. Compensation Plans:

a. Hospitals will usually tell you that they must work within FMV established by benchmarking data to create their compensation plan. Some hospitals will push the limits of what they really feel they can justify, and others won't. Whether or not they will depends on both the risk tolerance of their legal counsel and what they perceive their other options to be, as well as their willingness to go to sources other than nationwide benchmarking data (such as a professional valuator) in order to justify the compensation package.

b. Collections Minus Expenses: If this is the compensation plan your hospital is offering, it is important to know the historical success with collections as well as how expenses are allocated. Reporting regarding both of these measures is critical, and it is important to know what you are to do if you need proof regarding the data.

c. Base Salary plus RVU bonus: It is increasingly common for neurosurgeons to be given a base salary plus a RVU based bonus, which may be based on Total RVU's or Work RVU's.

i. Base salaries are generally not as high as the total compensation reflected by the national benchmarking data. Total compensation should be high, but bonuses generally must be earned.

ii. One approach to avoid taking a pay-cut is to have the bonus portion of your comp guaranteed at a certain level for the first two years, with the expectation that it will drop back after a period of time.

iii. Most but not all bonus plans will have a threshold associated with them to earn the bonus. For example, if the base salary is 50th percentile of MGMA, you may need to exceed the 50th percentile of wRVU's in order to earn your bonus.

d. Compensation plans may bear little or no relation to reimbursements. This leads to opportunities to be creative and collaborative with your hospital administrators to create win-win scenarios for programmatic development in areas which may benefit the hospital and be of interest to the neurosurgeon even though professional reimbursements are relatively low.

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