



Financial Best Practices For 3rd Year Medical Students

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Director and Founder



Student Loan Professor



Physician Employment and Compensation

Agenda

- Quick Student Loan Update
- Employment Options and Trends
 - Who's hiring
 - Healthcare consolidation
- Compensation/Economics
 - What is "production"?
 - wRVUs
 - Fair Market Value
- Employment Contracts
 - Contracts for new vs. tenured physicians
 - What is negotiable?



Legislative Update

The "Big Beautiful Bill" becomes law

Fewer Loan Types and Lower Limits

- Effective July 1st, 2026 **for new borrowers**
- No more grad plus loans
- \$50k annual borrowing limit
- \$200k aggregate borrowing limit for med school
- \$257k lifetime borrower limit
- Parent Plus loans limited to \$20k/\$60k

New Repayment Options

- We'll cover it next year...sorry!
- No significant impacts for physicians
- PSLF is untouched!



STUDENT LOAN PROFESSOR

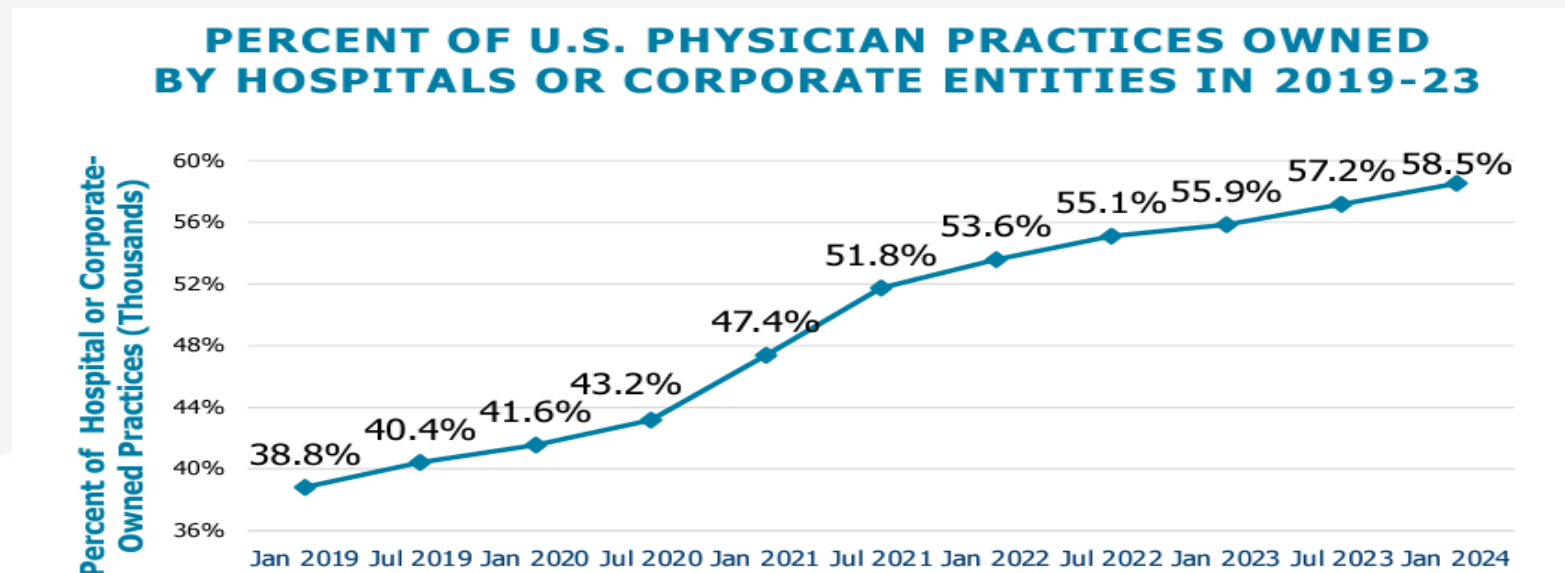
The background features a gradient from light orange at the top to a vibrant pink at the bottom. Several overlapping circles in shades of orange and pink are scattered across the lower half. A small, faint plus sign is visible in the upper right area of the pink section.

Who's Hiring?

Employment Trends and Statistics

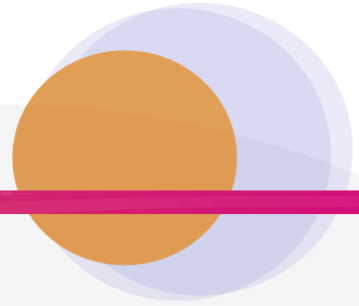
Study conducted by PAI/Avalere Health from 2019 - 2023
(physiciansadvocacyinstitute.org)

- **Huge consolidation has been taking place in healthcare for over a decade.**
- **Hospital systems and other corporate entities** are driving consolidation in healthcare by aggressively acquiring physician practices and purchasing hospitals.
- **Corporate Entities: Insurance Companies, Investment Groups, Retail Pharmacies**



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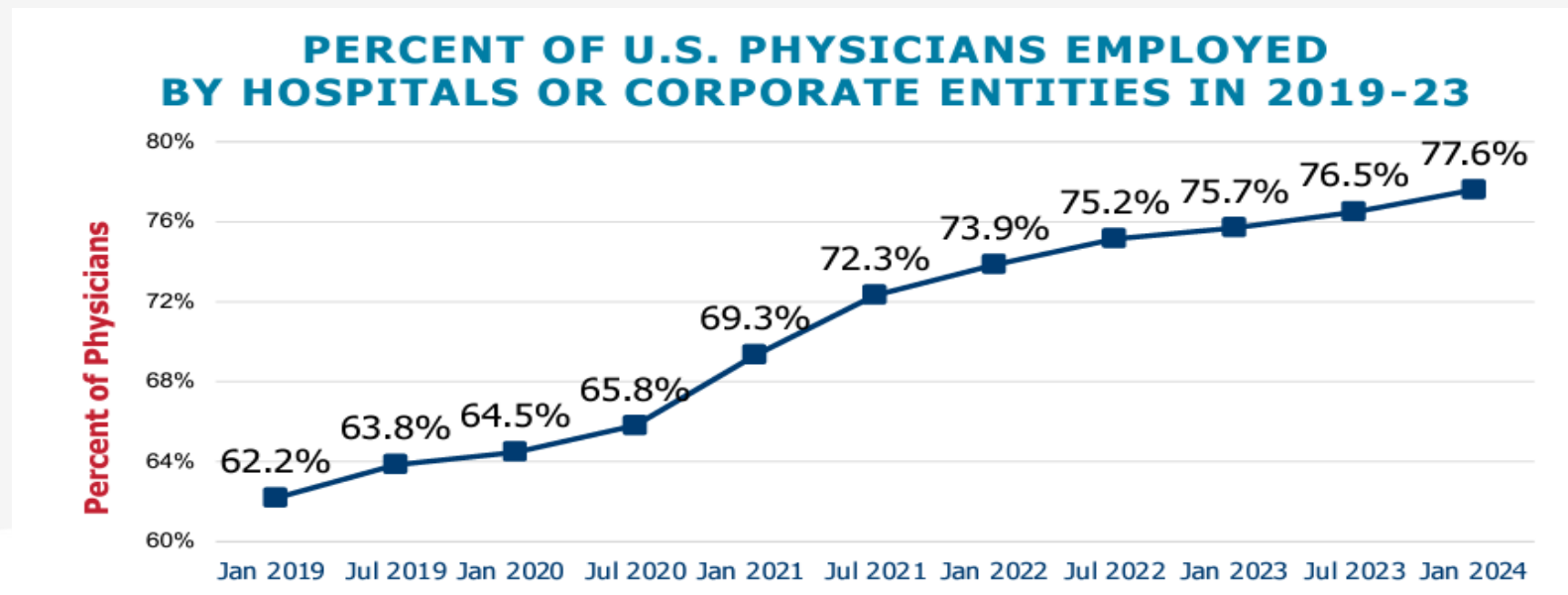
Employment Trends and Statistics



Employed: Physicians who have left independent medical practices for employment, newly trained physicians, and retiring physicians

In 2012, only **26%** of physicians were employed by hospitals.

Nearly **80% of ALL PHYSICIANS** now employed by hospitals and corporate entities



Health System Employment

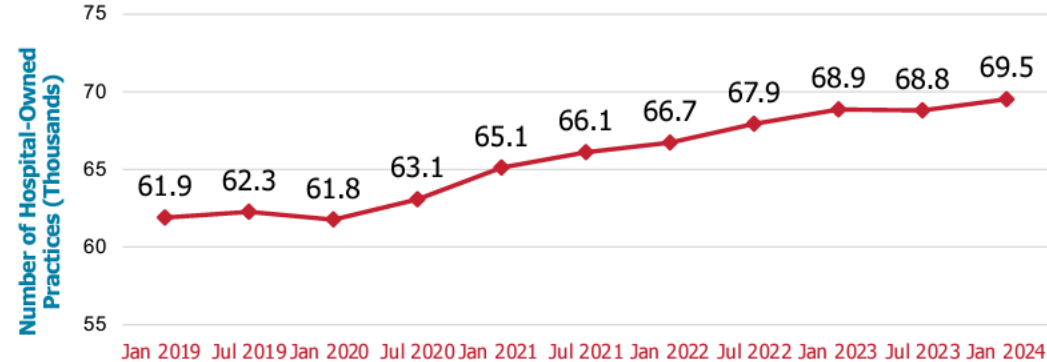
**Percentage of Physicians
employed by hospitals and
health systems**

2012: 25.8% (hosp & corp)

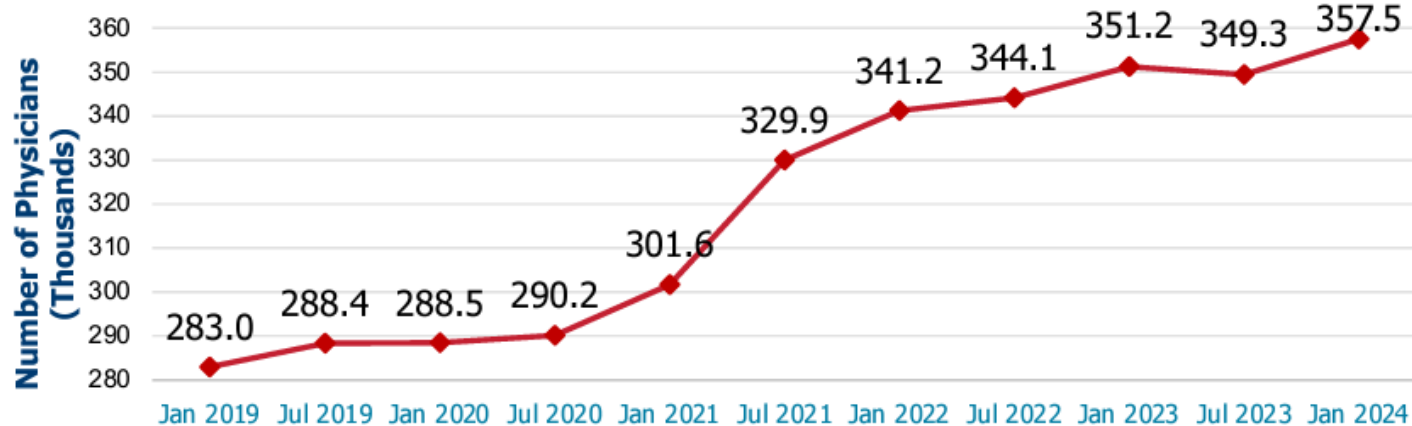
2018: 44%

2024: 55%

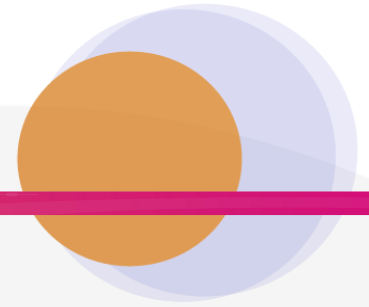
NUMBER OF U.S. HOSPITAL-OWNED PHYSICIAN PRACTICES IN 2019-23



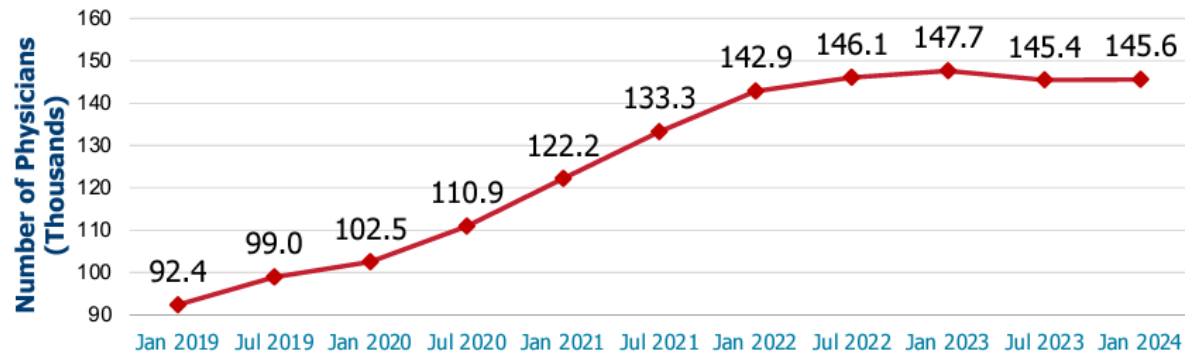
NUMBER OF U.S. PHYSICIANS EMPLOYED BY HOSPITAL/HEALTH SYSTEMS 2019-23



Corporate Employment

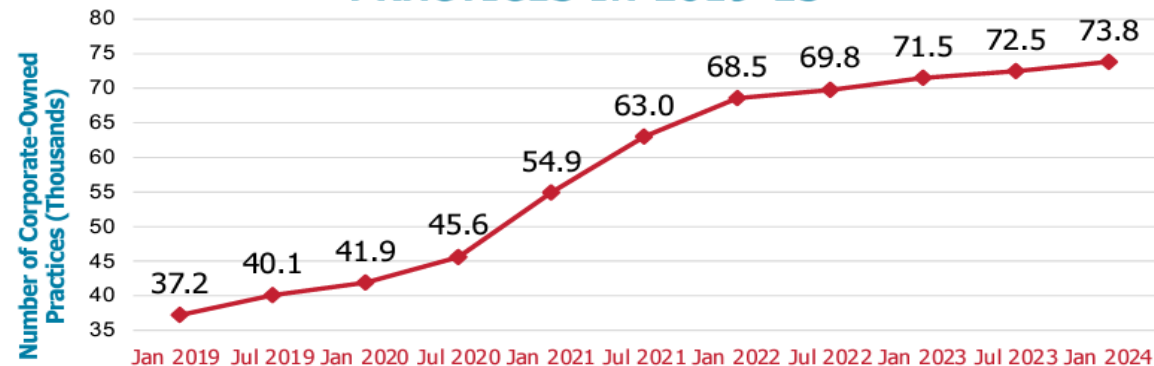


**NUMBER OF U.S. PHYSICIANS EMPLOYED
BY CORPORATE ENTITIES 2019-23**



Corporate employment grew by 58.7% from 2019 to 2022.

**NUMBER OF U.S. CORPORATE-OWNED PHYSICIAN
PRACTICES IN 2019-23**



Study conducted by PAI/Avalere Health from 2019 - 2023



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Types of Employment

- Group Practice
 - PE Firms
 - Hospital-owned
 - 5 or 50?
- Hospital/Health System
 - Not-for-profit?
 - For-profit?
 - FQHC
- Private Practice
 - Direct Access Primary Care
 - Concierge Medicine
- Academic
- Large HMOs
- Locum Tenens



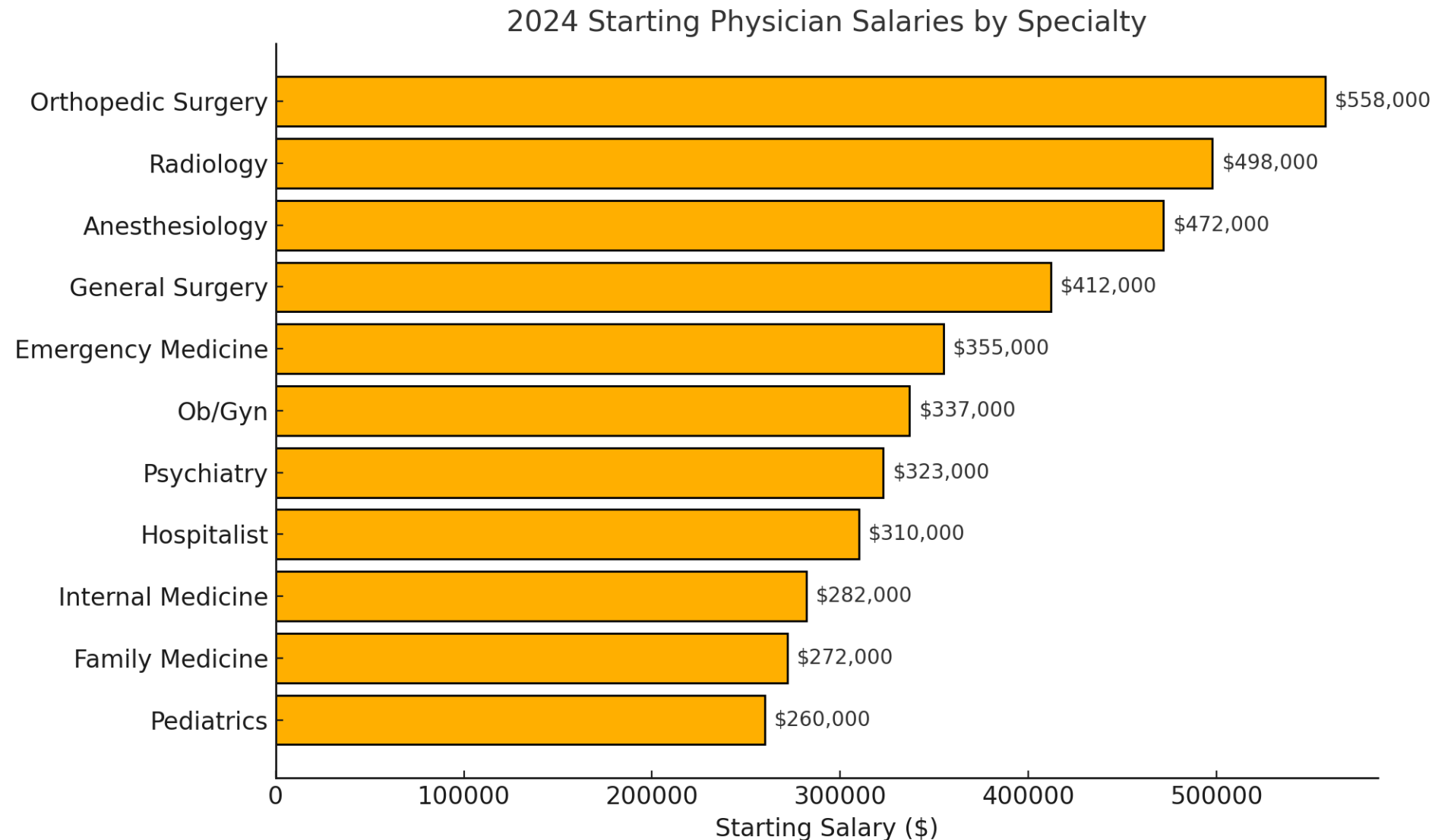
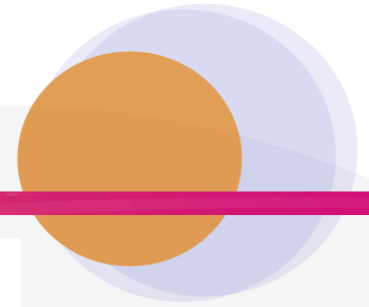
Most physicians
do not stay with
their first
employer





Show Me The Money!

2024 Provider Placement Starting Salary



Compensation Models

There are (primarily) two types of compensation models:

Fixed compensation

- Set salary not dependent upon production
- Often used with new physicians
- Generally, 2 to 3 years (practice setting)
- Generally, 4 to 5 years (hospital setting)

Variable compensation

- Uses formulas (\$ per wRVU) to account for physician's performance when determining salary
- More experienced physicians typically receive this type of compensation.

Hospital and Academic Model

- Split comp from two orgs

Flex Model

- Alternative model
- Income guarantee
- Not directly employed through hospital

Private Practice Model

- Percentage model
- Base employment model
- Partnership models

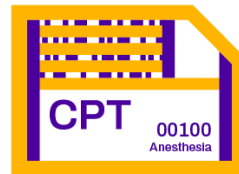
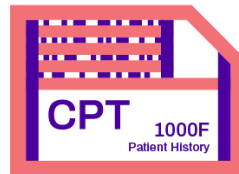
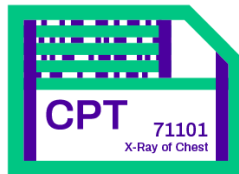


Understanding wRVU Compensation

CPT Code

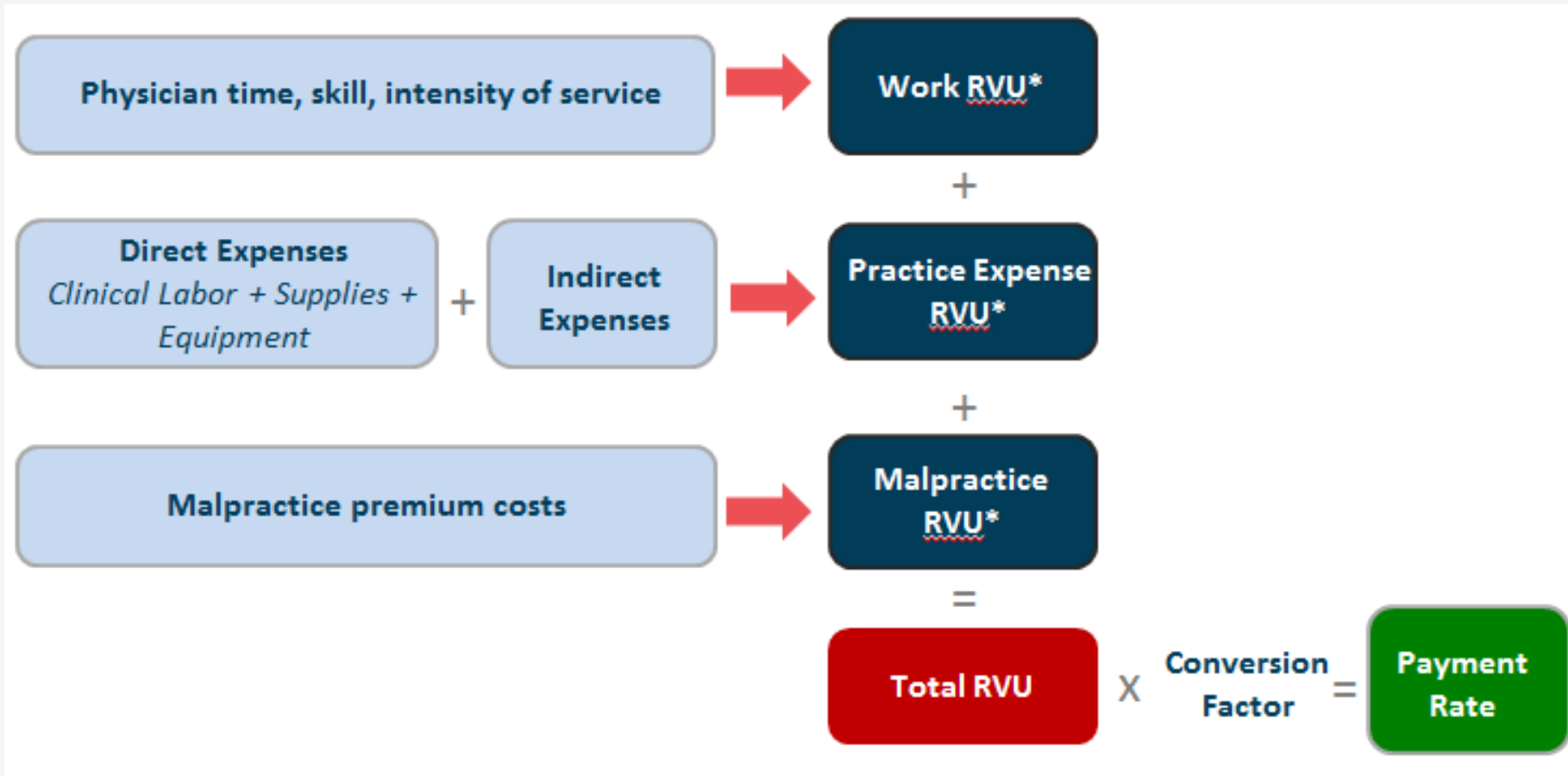
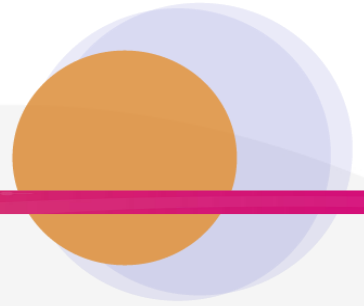
noun

1. a five-digit code used to describe medical procedures performed by Healthcare Providers at an Institution or Hospital



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Understanding wRVU Compensation



Understanding wRVU Compensation

History or Medicare Conversion Rates:

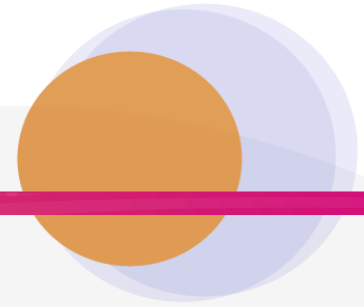
| | | |
|----------------------|-----------|-------|
| 2016 | \$35.8043 | -0.36 |
| 2017 | \$35.8887 | 0.24 |
| 2018 | \$35.9996 | 0.31 |
| 2019 | \$36.0391 | 0.11 |
| 2020 | \$36.0896 | 0.14 |
| 2021 | \$34.8931 | -3.3 |
| 2022 | \$34.6062 | -0.80 |
| 2023 | \$33.8872 | -2 |
| 1/1/24 – 3/8/24 | \$32.7442 | -3.37 |
| 3/9/24 – 12/31/24 | \$33.2875 | 1.66 |

Example RVUs by Location

| CPT | 99213 | NY | AR | OH |
|-------|---------|----------|---------|----------|
| wRVU | 0.97 | 1.062 | 1 | 1 |
| peRVU | 1.07 | 1.162 | 0.865 | 0.927 |
| mpRVU | 0.07 | 1.271 | 0.45 | 1.24 |
| TRVU | 2.11 | 3.495 | 2.315 | 3.167 |
| | | | | |
| CF | 34.0376 | 34.0376 | 34.0376 | 34.0376 |
| | \$71.82 | \$118.96 | \$78.80 | \$107.80 |



wRVUs = Physician Productivity (in theory)



RELATIVE VALUE UNIT-BASED PRODUCTIVITY

The following table illustrates the calculation of RVU productivity ratios for physicians in a multi-specialty practice.

| Provider name | Specialty | Percent of practice revenue | Percent of practice RVUs | RVU productivity ratio |
|---------------|-----------------|-----------------------------|--------------------------|------------------------|
| Smith | Family medicine | 13.47% | 12.56% | 1.07 |
| Jones | Family medicine | 13.93% | 16.10% | 0.87 |
| Barnes | Family medicine | 4.11% | 5.77% | 0.71 |
| Adams | Pediatrics | 13.14% | 9.81% | 1.34 |
| Frey | Pediatrics | 8.66% | 8.74% | 0.99 |
| Leary | OB-GYN | 12.25% | 13.14% | 0.93 |
| Baron | OB-GYN | 9.96% | 14.86% | 0.67 |
| Singer | Orthopedics | 6.81% | 6.16% | 1.11 |
| Corsi | Orthopedics | 17.66% | 12.86% | 1.37 |

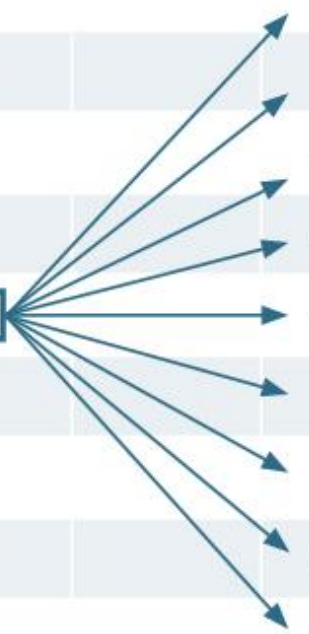
TABLE 1. AGE IMPACT ON wRVU PRODUCTION

| | wRVUs |
|---|--------------|
| Median overall wRVU production per FTE | 9,393 |
| Median wRVU production per FTE aged ≥ 61 years | 7,544 |
| Difference per FTE | 1,849 |
| Physician FTEs in group aged ≥ 61 years (16%–25%) | 4.00 |
| Missing wRVU production | 7,396 |
| Abbreviations: FTE, full-time equivalent; wRVUs, work relative value units. | |

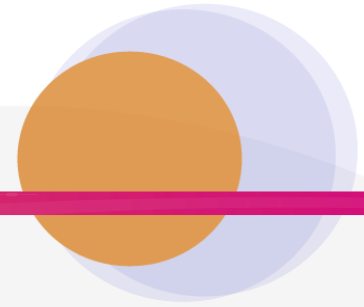


Fair Market Value

| Total Compensation | | wRVUs |
|--------------------|--|-------|
| \$252,460 | | 3,514 |
| \$263,220 | | 3,792 |
| \$272,785 | | 4,064 |
| \$280,714 | | 4,309 |
| \$302,827 | | 4,779 |
| \$327,365 | | 5,343 |
| \$345,599 | | 5,644 |
| \$362,277 | | 6,004 |
| \$380,603 | | 6,379 |



Fair Market Value



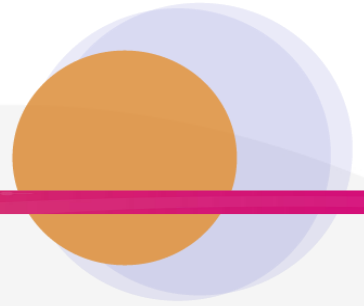
| Percentile | Total Compensation | | wRVUs | Implied Lag | Rate | |
|------------|--------------------|--|-------|-------------|----------------|--|
| 25 | \$252,460 | | 3,514 | -25 | \$86.18 | FMV Compliance Risk |
| 30 | \$263,220 | | 3,792 | -20 | \$79.86 | |
| 35 | \$272,785 | | 4,064 | -15 | \$74.51 | |
| 40 | \$280,714 | | 4,309 | -10 | \$70.28 | Financial Sustainability Risk |
| 50 | \$302,827 | | 4,779 | 0 | \$63.37 | |
| 60 | \$327,365 | | 5,343 | 10 | \$56.68 | Financially Sustainable Target Zone |
| 65 | \$345,599 | | 5,644 | 15 | \$53.65 | |
| 70 | \$362,277 | | 6,004 | 20 | \$50.44 | Potential Recruitment/ Retention Challenges |
| 75 | \$380,603 | | 6,379 | 25 | \$47.47 | |





Employment Contracts

Contract Review & Negotiation



What is an employment contract?

A proper employment agreement defines the legal relationship between the physician and their employer. It must clearly and **precisely** state the parties' expectations and their respective **rights** and **obligations**.

Hire a specialized attorney or financial expert to review your contract

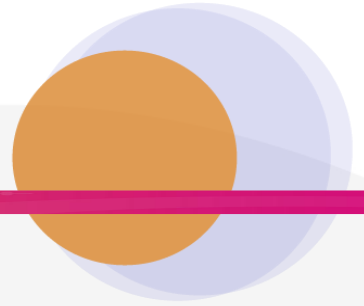
- Expect to pay \$1000 to \$2000

Myth:

Contracts for new physicians coming out of training are non-negotiable



Contract Review & Negotiation



Commonly Negotiated Items

Base Salary

Sign on Bonus

Student Loan Benefits

Bonus Formula

Ancillary Income

Contract Term

Location

Partnership Opportunities

Less Frequent Items

Retirement Compensation

Vacation

Call schedule (starting)

Eliminating Non-compete

Benefits

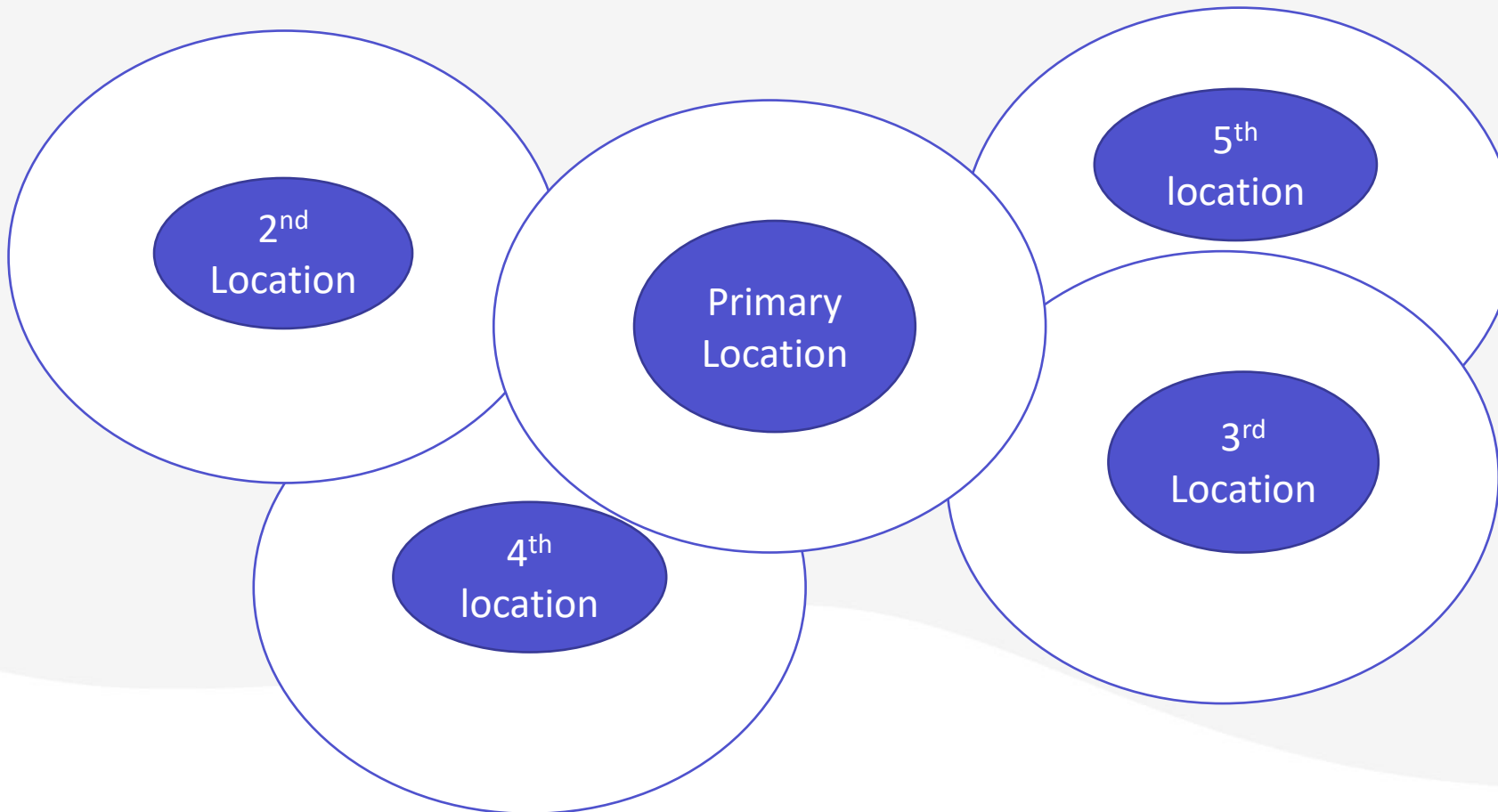
General HR Policies

Termination Clauses

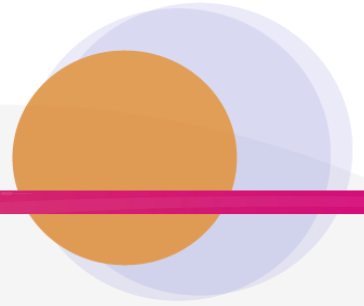


Non-Competes

- Mile Radius – Most contracts use a “mile radius” standard
- 10 to 20 miles is fair game
- You need to distinguish if it's within your primary practice location or all hospital locations.



Other contract elements to identify



- ✓ How is compensation structured?
- ✓ Is there a base salary with incentive or bonus?
- ✓ Is there a non-compete?
- What are the schedule expectations?
- What does the call coverage look like and how is it allocated?
- What benefits are offered on top of compensation?
- What is the malpractice coverage? Is there tail coverage?



Rules of the Road

- You are bound by the contract, whether you understand it or not
- Ask what the compensation model looks like *after* the initial term
- Make sure you understand the termination provisions
- Be aware (or beware) of evergreen contracts
- **If it's not in the contract, it doesn't exist**
- Get specific



Resources

- MGMA is the official source for physician compensation
 - Requires a subscription
- Medical Economics
 - Tons of articles covering
 - Physician compensation
 - Employment trends
 - Pricing
 - Healthcare consolidation
 - Political impacts
- AMA, AOA, & AAMC
 - Great Content
 - Political activities and opportunities



Looking Ahead

MS4/OS4

- Resident Paycheck
- Saving/Investing
- Health Insurance
- Personal Insurance
- Dealing with financial advisors

Exit Counseling

- IDR Plans
- PSLF
- Cost Savings Strategies
- Consolidation
- Dealing with Servicers
- Timeline



Student Loan Professor

"Till *debt* do us part"

Brandon Barfield

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StudentLoanProfessor.com

Wishing You
the Best of Luck
with your Career
in Medicine.