



When Specialty Doesn't Matter,
How Much Should You Pay?

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Payment and hours of service benchmarks for medical directorships are available from several sources. However, in today's health care environment, facilities need physicians for a number of reasons, and it can be difficult to convince a physician to give up time to sit on a committee, serve as a medical staff officer, train for CPO or EHR, help with peer review or participate in quality initiatives. Establishing a fair and compliant payment rate for a position that does not need a particular type of specialist can be a challenge!

Be Wary of Opportunity Cost

In positions where specialty is not a requirement for the role, such as EHR implementation, quality initiatives, utilization review, or chief of staff, many valuation experts advise that opportunity cost should not be considered a factor in physician payment rates, and FMV for clinical services may differ from administrative services.

Federal Register comments on Stark III regulations state:

A fair market value hourly rate may be used to compensate physicians for both administrative and clinical work, provided that the rate paid for clinical work is fair market value for the clinical work performed and the rate paid for administrative

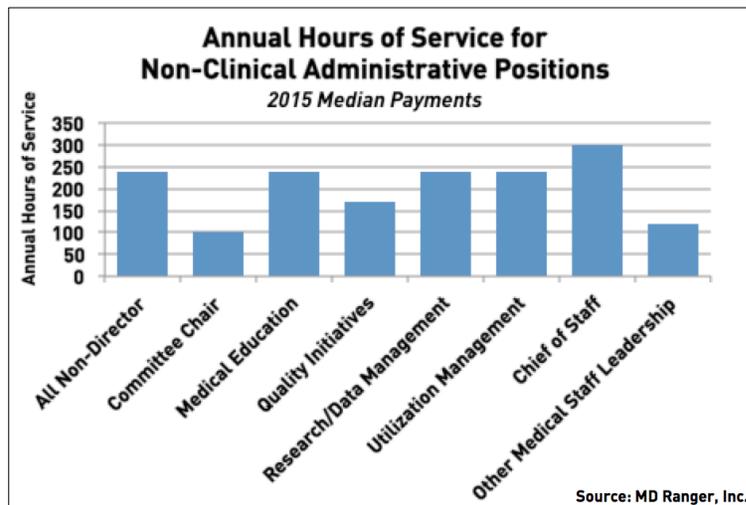
work is fair market value for the administrative work performed. We note that the fair market value of administrative services may differ from the fair market value of clinical services.

Hours Vary

Many hospitals and health systems set a standard hourly rate for all physician administrative contracts, sometimes paired with a FMV opinion on that rate. This can be an effective policy, however, it does not negate the need to define and monitor the hours associated with each position since total payments must also be reasonable. Ensuring that the job description justifies the hours, and that time records are kept, collected, and reviewed is essential to a robust compliance process.

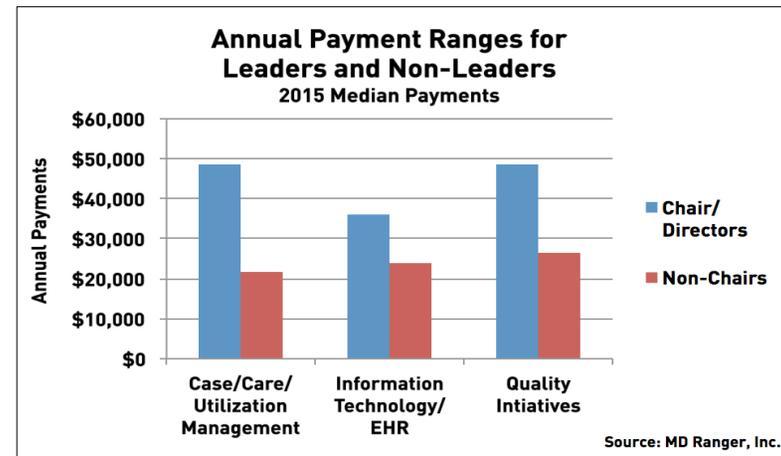
Hours among non-director positions tend to vary since the variety of assignments is broad. Meeting frequency, residency or teaching duties, nature and scope of quality initiatives or intensity of training for IT, POE or other training programs each vary by institution, subject and physician role, hence good recordkeeping is essential. Committee chairs and administrative/initiative leaders of non-clinical initiatives often require more hours than non-leaders as well.

The graph below shows the variation between types of non-clinical administrative positions:



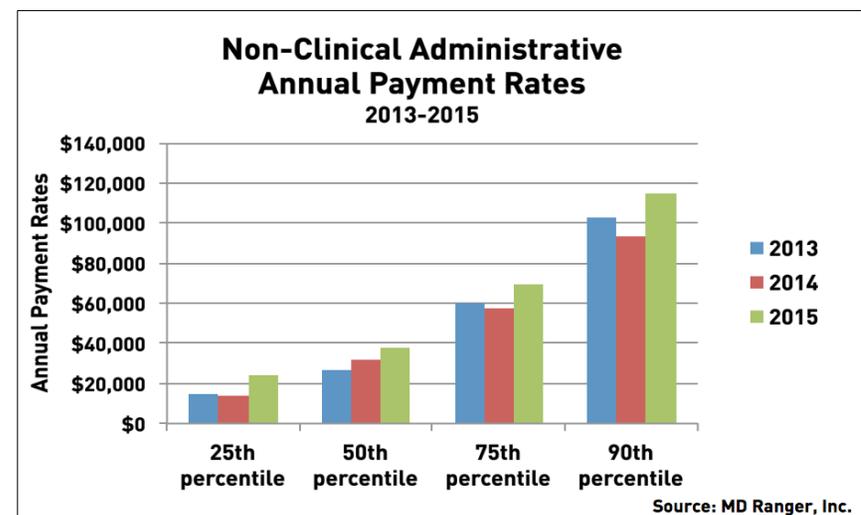
How Do Hours Differ Between Leaders and Non-Leaders?

Median annual payments are higher for leaders (committee/initiative chairs and directors) than for non-leaders. For Case/Care/Utilization Management, the annual payments for chairs and directors are more than double the annual payment for non-chairs in Case/Care/Utilization Management. These differences reflect the time and effort required for managing or leading a process compared to members of a committee or task force, or one-time training compensation.



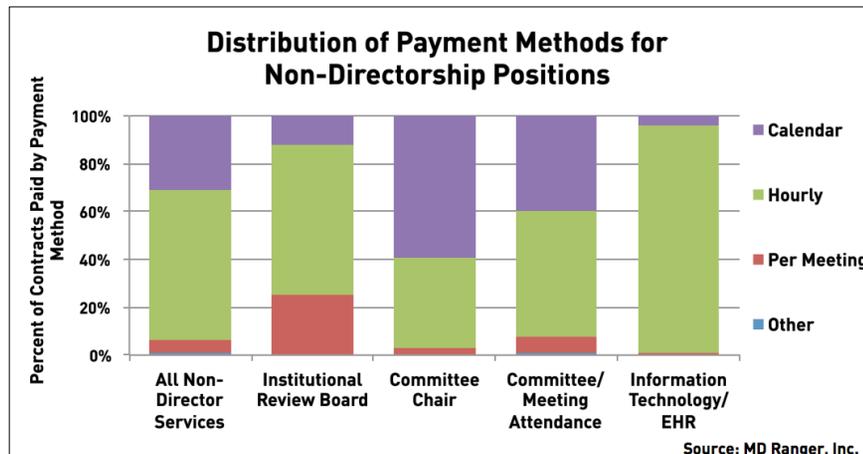
Are Payments Increasing Over Time?

Payments in 2015 are higher than either 2013 or 2014 across all quantiles.



What is the Best Payment Method for Non-Clinical Administrative Contracts?

Hourly payment rates may not be the best method to pay for one-time events or short-term assignments like training, meeting attendance, or task forces. Per meeting payments or monthly stipends may be easier to administer than keeping and submitting time records for some initiatives or training sessions. If the per meeting payment is reasonable, the need for a one-off time card may not be as crucial if minutes or other records of participation are kept.



Want to discuss paying for non-director administrative payments with an expert? Email inquiries@mdranger.com or call the office at (650) 692-8873.