

# So You Want To Go Into Private Practice? Rheuminations



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Herbert S. B. Baraf, M.D., FACP, MACR  
Clinical Professor of Medicine  
George Washington University  
Founding Partner  
Arthritis and Rheumatism Associates  
Washington, D. C.    Wheaton, MD.

# So You Want to Go into Private Practice?

- Practice Setting
- The Interview
- The Contract
- Building Your Practice
- Business of Practice



# Practice Setting

- Academic
- Government
- Industry
- Tech
- Hospital or Health System
- Private Practice
  - Solo or group
    - single specialty
    - multi-specialty
  - Large or small
  - Rural, urban or suburban



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## RESEARCH

## Employed physicians now exceed those who own their practices

MAY 10, 2019



Chances are now slightly more likely that you are a physician employed by someone and not a physician who owns his or her practice.

In 2018, 47.4% of practicing physicians were employed, while 45.9% owned their practices, according to a new entry in the AMA Policy Research Perspectives (PRP) series. The PRP is based on data from the



# Medical Economics.... yours

**OCTOBER 2021**

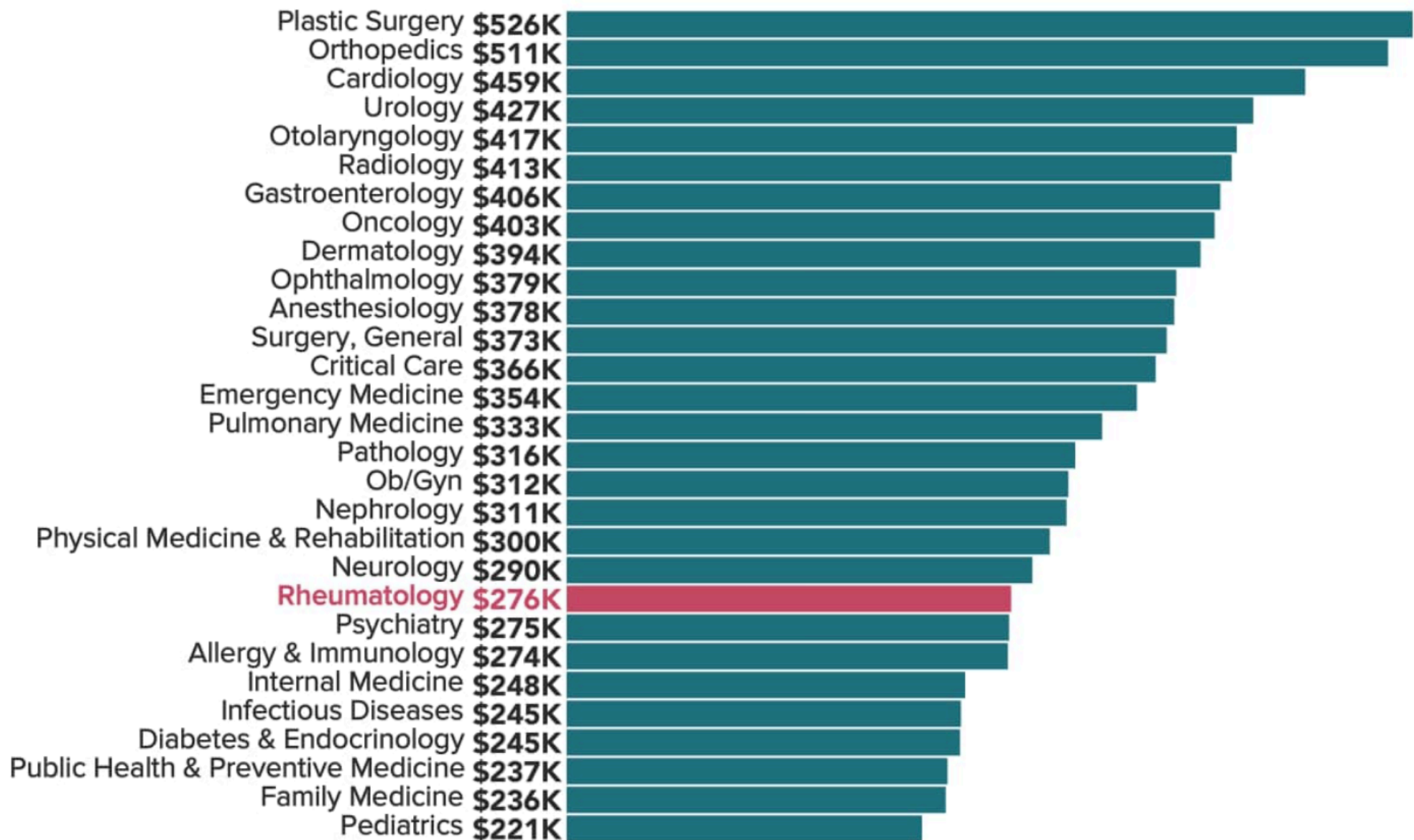
**Medical Student Education:  
Debt, Costs, and Loan Repayment  
Fact Card for the Class of 2021**



Education Debt	Public	Private	All
Percentage with education debt	74%	70%	73%
Mean education debt of indebted only (versus 2020, %)	\$194,280 (↓3%)	\$218,746 (↓0.5%)	\$203,062 (↓2%)
Median education debt of indebted only (versus 2020, %)	\$195,000 (↓3%)	\$220,000 (0%)	\$200,000 (0%)

Education Debt (including premedical)	Percentage of Graduates		
	Public	Private	All
\$100,000 or more	84%	82%	83%
\$200,000 or more	49%	59%	53%
\$300,000 or more	14%	27%	19%
Planning to enter loan forgiveness or repayment program			47%





## Medscape Rheumatologist Compensation Report 2021

# 2015 Workforce Study

*of Rheumatology Specialists  
in the United States*



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Projected  
Clinical FTE

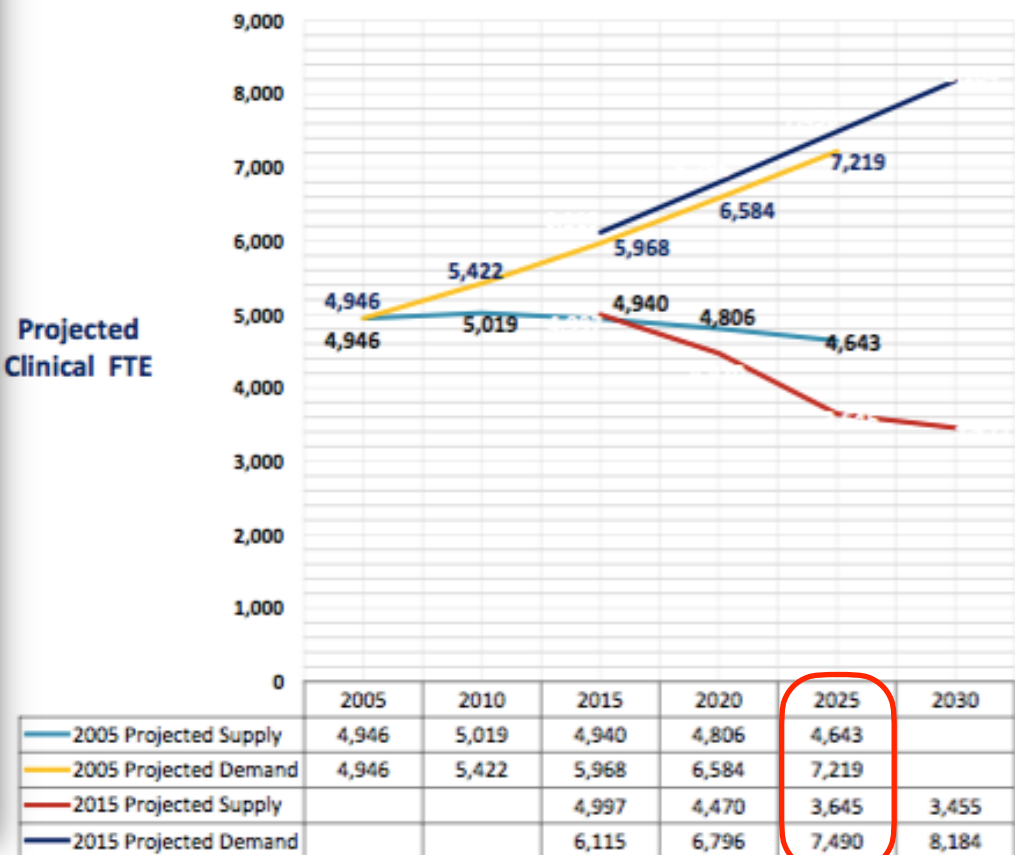


Figure E-5. Comparison of Projected Supply and Projected Demand of Adult Rheumatologists

Note. Data from 2005 workforce study (2005 to 2025); Data from the 2015 workforce study (2015 to 2030).



# Workforce Study - 2015

- The demand for services greatly exceeds supply
- Relatively low rheumatology incomes result from a distortion of the supply and demand curve
- You will always have a job!

# Reasonable Economic Goal

Generate income that allows you to:

- pay your staff, rent, etc.
- cover your educational debt
- feed and shelter your family
- educate your children
- save for retirement
- ....and have something left over to live on



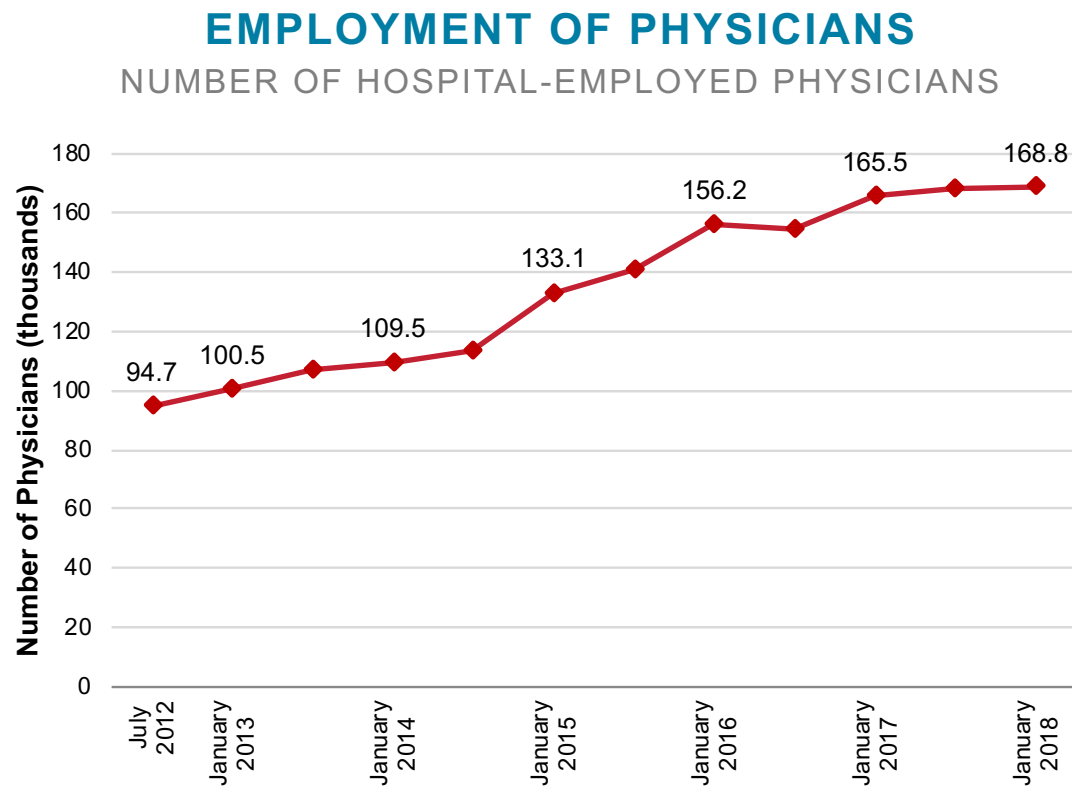
# Practice Settings

- Hospital or Health System Employment
- Solo Practice
- Multi-Specialty vs Single Specialty Group
- Small Medium or Large Group



# Hospital or Health System Employment

**From July 2016 to January 2018, the Number of Physicians Employed by Hospitals Increased by 14,000 Nationwide**



- Since July 2015, nearly 28,000 physicians shifted into employment models.
- Physician employment grew in ten of the eleven 6-month periods analyzed.
- After a small decrease in July 2016 due to a reduction in the total number of physicians, the number of employed physicians rose to nearly 170 thousand by 2018.

Avalere analysis of SK&A hospital/health system ownership of physician practice locations data with Medicare 5% Standard Analytic Files

# Hospital or Health System Employment

## Pro's

- Shelter from the “ups and downs of running a practice”
- Financial security
- More time to focus on patient care, teaching or research
- Predictable work hours
- Softened exposure to government regulations
- In some cities or regions, it is the only option



# Hospital or Health System Employment

## Con's

- Bureaucratic
  - physician has little impact on making clinical policy changes
  - staff usually not under the doctor's control
- Compensation models may undervalue the rheumatologist
- Little credit for ancillary services and “downstream” revenue
- Physician income growth potential modest relative to private practice

# Hospital or Health System Employment

## Hospitals May Lose Money on Employed Physicians

Hospitals have been reducing their losses on employed physicians, but on paper, at least, they are still losing a great deal of money per physician. A report by the Medical Group Management Association (MGMA) found that median losses for hospitals, as measured by net operating costs before subsidies, were \$183,000 per employed physician in 2012; that figure had been reduced to \$128,000 by 2015. [2]



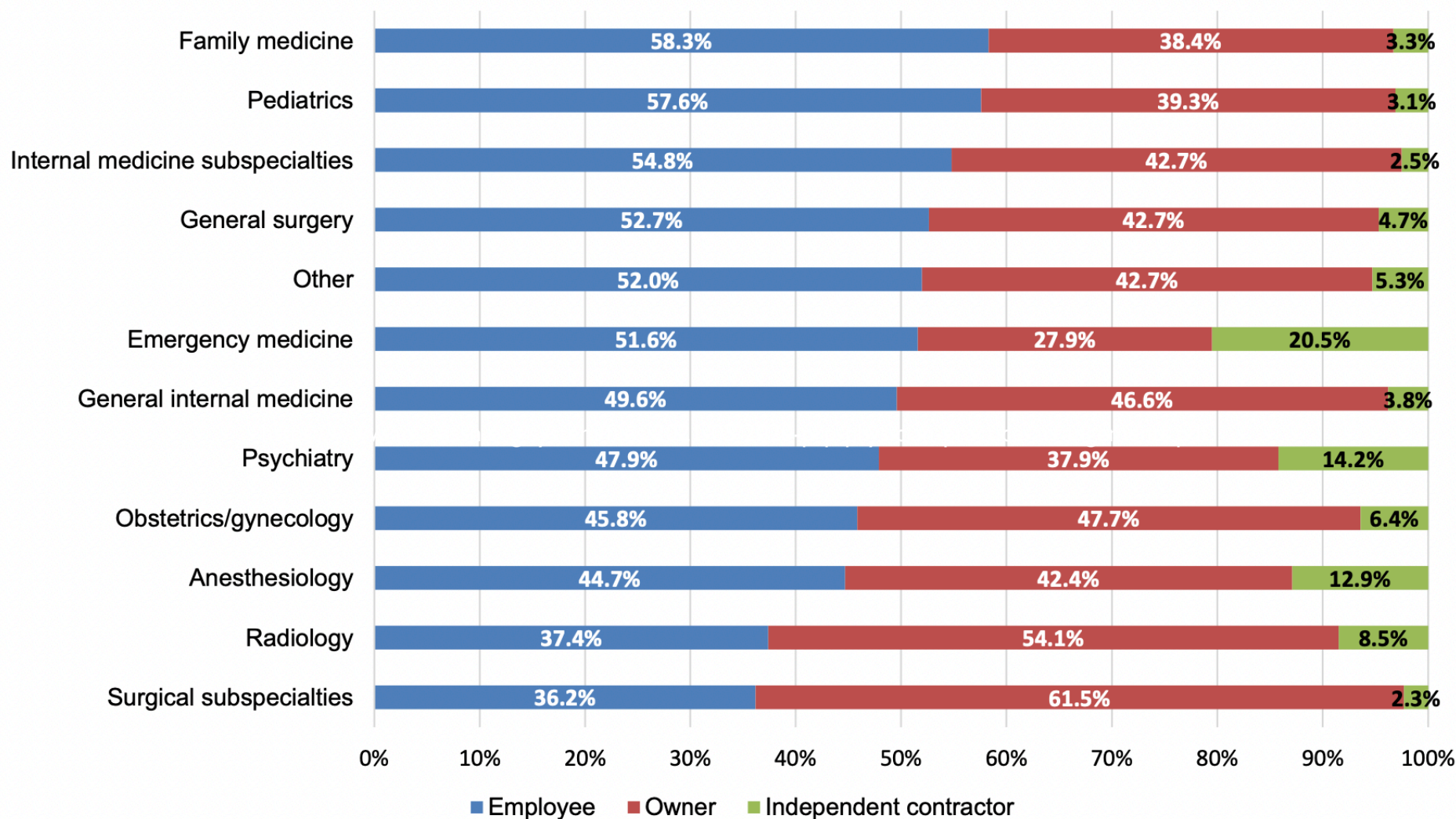
**Exhibit 1. Distribution of physicians by employment status and type of practice <sup>1</sup>**

	2012	2014	2016	2018	2020
<b>Employment status</b>					
Employee	41.8%	43.0% <sup>a</sup>	47.1%	47.4% <sup>b</sup>	50.2% <sup>a</sup>
Owner	53.2% <sup>b</sup>	50.8% <sup>a</sup>	47.1%	45.9%	44.0% <sup>a</sup>
Independent contractor	5.0% <sup>b</sup>	6.2%	5.9%	6.7%	5.8%
	100%	100%	100%	100%	100%
<b>Type of practice</b>					
Solo practice	18.4%	17.1%	16.5% <sup>c</sup>	14.8%	14.0% <sup>a</sup>
Single specialty group	45.4% <sup>a</sup>	42.2%	42.8%	42.8%	42.6% <sup>b</sup>
Multi-specialty group	22.1% <sup>a</sup>	24.7%	24.6%	25.2%	26.2% <sup>a</sup>
Direct hospital employee/contractor	5.6% <sup>a</sup>	7.2%	7.4%	8.0% <sup>c</sup>	9.3% <sup>a</sup>
Faculty practice plan	2.7%	2.8%	3.1%	3.0%	2.9%
Other <sup>2</sup>	5.8%	5.9%	5.7%	6.2% <sup>b</sup>	5.0%
	100%	100%	100%	100%	100%
<b>N</b>	3466	3500	3500	3500	3500

Source: Author's analysis of AMA Physician Practice Benchmark Surveys.

Notes: <sup>1</sup> Significance tests are for changes within employment status or type of practice category. 'a' is p<0.01, 'b' is p<0.05, and 'c' is p<0.10. Indications in each column are for that year and the one following except in the 2020 column where they are for 2012 and 2020. <sup>2</sup> Other includes ambulatory surgical center, urgent care facility, HMO/MCO, medical school, and fill-in responses.

### Exhibit 3. Distribution of physicians by employment status: specialty-level estimates (2020)

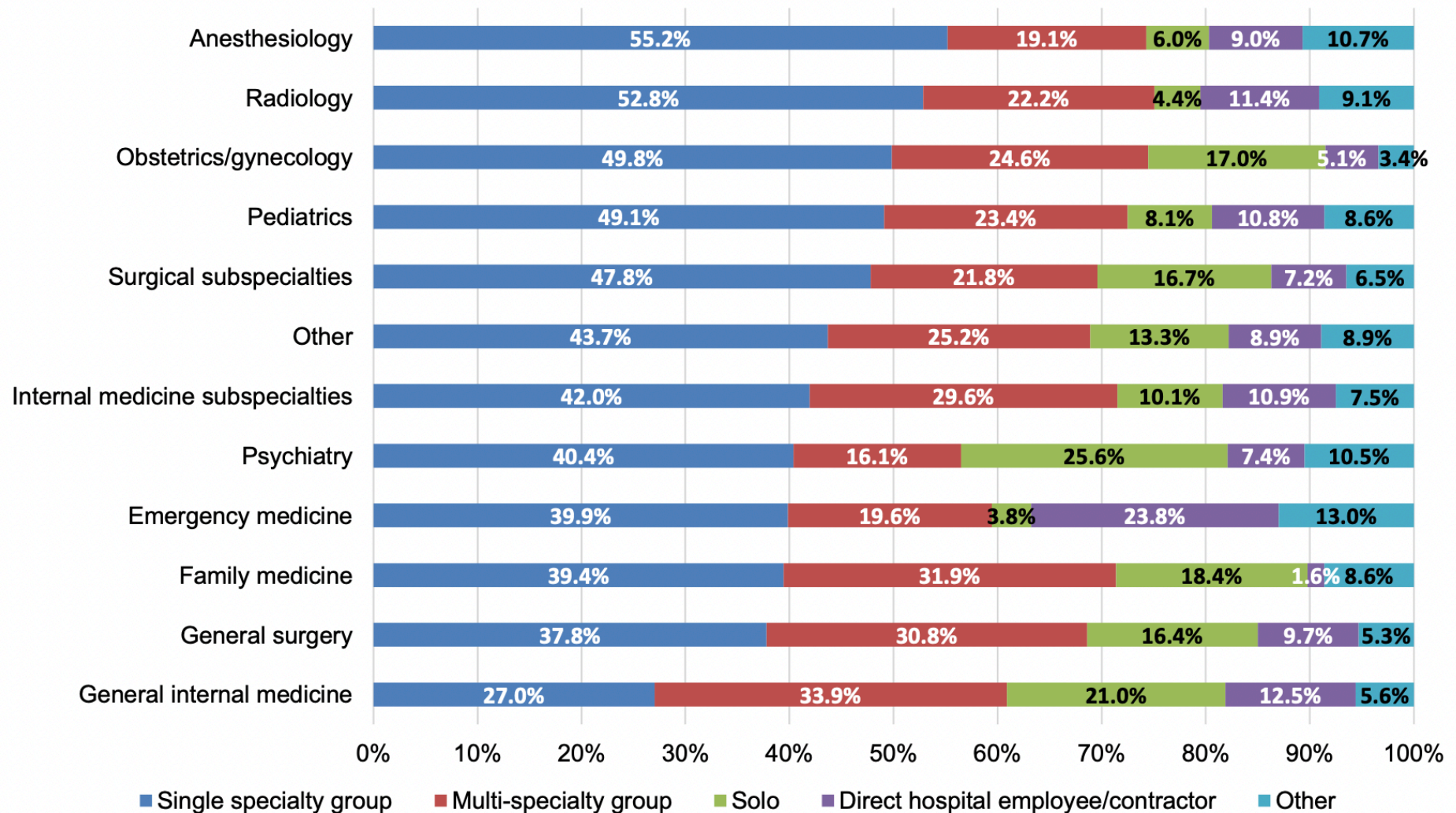


Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey

<https://www.ama-assn.org/system/files/2021-05/2020-prp-physician-practice-arrangements.pdf>



## Exhibit 4: Distribution of physicians by practice type: specialty-level estimates (2020)



Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey

<https://www.ama-assn.org/system/files/2021-05/2020-prp-physician-practice-arrangements.pdf>

### Exhibit 5. Distribution of physicians by practice size (number of physicians in practice) <sup>1</sup>

	2012	2014	2016	2018	2020
<b>Practice size</b>					
Fewer than 5 physicians	40.0%	40.9% <sup>b</sup>	37.9% <sup>c</sup>	35.7% <sup>c</sup>	33.6% <sup>a</sup>
5 to 10	21.4% <sup>c</sup>	19.8%	19.9%	20.8%	20.0%
11 to 24	13.4% <sup>c</sup>	12.1%	13.3%	12.7%	11.5% <sup>b</sup>
25 to 49	7.1%	6.3% <sup>c</sup>	7.4%	7.6%	7.8%
50+ physicians	12.2%	13.5%	13.8%	14.7% <sup>a</sup>	17.2% <sup>a</sup>
<b>Direct hospital employee/contractor <sup>2</sup></b>	5.8% <sup>a</sup>	7.4%	7.7%	8.5% <sup>c</sup>	9.7% <sup>a</sup>
	100%	100%	100%	100%	100%
<b>N</b>	3326	3388	3381	3339	3353

Source: Author's analysis of AMA Physician Practice Benchmark Surveys.

Notes: <sup>1</sup> Significance tests are for changes within practice size category. 'a' is p<0.01, 'b' is p<0.05, and 'c' is p<0.10. <sup>2</sup> Indications in each column are for that year and the one following except in the 2020 column where they are for 2012 and 2020. <sup>2</sup> The percentage of physicians who are direct hospital employees/contractors is slightly larger in Exhibit 5 than in Exhibits 1 and 7 (e.g., in 2020, 9.7% compared to 9.3%). A few (less than 5 percent) physicians did not know how many physicians were in their practice and are excluded from the estimates in Exhibit 5. Because this makes the denominator in the practice size percentages smaller, it pushes the direct hospital employee/contractor percentage up compared to that in Exhibits 1 and 7.



### Exhibit 6. Age differences in practice size and practice ownership (2020)

	Under 40	40 to 54	55+
<b>Practice size</b>			
10 or fewer physicians	40.9%	49.7%	61.4%
11-49 physicians	21.0%	21.1%	17.4%
50+ physicians or direct hospital employee/contractor	38.1%	29.2%	21.2%
	100%	100%	100%
<b>N</b>	589	1375	1389
<b>Practice ownership</b>			
Wholly owned by physicians (private practice)	33.8%	48.0%	55.4%
Not wholly owned by physicians	66.2%	52.0%	44.6%
	100%	100%	100%
<b>N</b>	620	1438	1442

Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey

# Exhibit 7. Distribution of physicians by practice ownership structure <sup>1</sup>

	2012	2014	2016	2018	2020
<b>Wholly owned by physicians (private practice)</b>	60.1% <sup>a</sup>	56.8%	55.8%	54.0% <sup>a</sup>	49.1% <sup>a</sup>
<b>At least some hospital ownership</b>	23.4% <sup>b</sup>	25.6%	25.4%	26.7% <sup>a</sup>	30.5% <sup>a</sup>
Wholly owned by hospital	14.7%	15.6%	16.1%	16.3% <sup>a</sup>	20.1% <sup>a</sup>
Jointly owned by physicians and hospital	6.0% <sup>b</sup>	7.3% <sup>c</sup>	6.2%	6.8%	6.4%
Unknown whether wholly or jointly owned	2.6%	2.7%	3.1%	3.5%	3.9% <sup>a</sup>
<b>Direct hospital employee/contractor</b>	5.6% <sup>a</sup>	7.2%	7.4%	8.0% <sup>c</sup>	9.3% <sup>a</sup>
<b>Wholly owned by not-for-profit foundation</b>	6.5%	6.4%	6.7%	6.3% <sup>a</sup>	4.7% <sup>a</sup>
<b>Private equity</b>	n/a	n/a	n/a	n/a	4.4%
<b>Other <sup>2</sup></b>	4.4%	4.0%	4.7%	4.9% <sup>a</sup>	2.0% <sup>a</sup>
	100%	100%	100%	100%	100%
<b>N</b>	3466	3500	3500	3500	3500

Source: Author's analysis of AMA Physician Practice Benchmark Surveys.

Notes: <sup>1</sup> Significance tests are for changes within ownership structure category. 'a' is p<0.01, 'b' is p<0.05, and 'c' is p<0.10. <sup>2</sup> Indications in each column are for that year and the one following except in the 2020 column where they are for 2012 and 2020. <sup>2</sup> Other includes wholly owned by an HMO/MCO and fill-in responses.



# Hospital or Health System Employment

## Risks

- Using institutional valuation and accounting methods hospitals “lose money” on employed physicians
- Site of service differential: a target of CMS to lower cost
- Rate of hiring has been slowing; will it reverse?
- Is the current level of hospital employment sustainable?
- Impact of the pandemic on practice acquisition plans unclear.



# Contrasting Private Practice Settings

# Private Practice

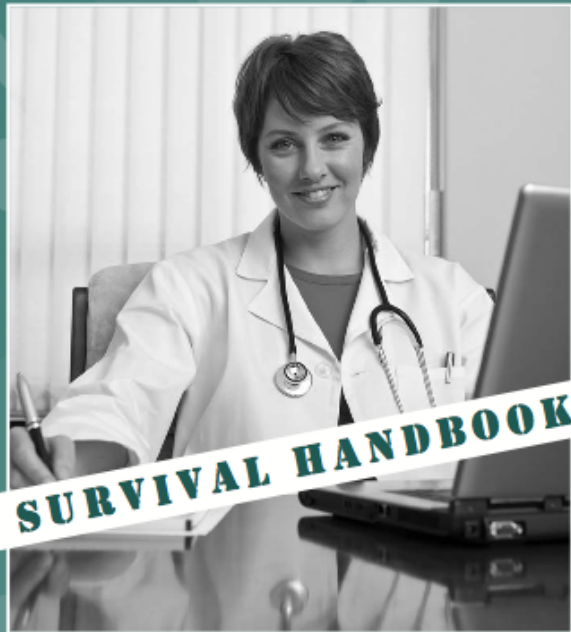
## Finding and Evaluating a Practice

### Solo

- Complete autonomy
- Increased risk - illness, maternity leave, vacation, etc
- Vulnerable to competition
- Limited funds for expansion
- Limited negotiating power
- Ancillary services typically not cost-efficient
- Opportunity to develop concierge practice



## Young Physician Practice Management



## SURVIVAL HANDBOOK

Council of Young Physicians • 11<sup>th</sup> Edition



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## Starting a Medical Practice

*The Physician's Handbook for  
Successful Practice Start-up*



Time Lines

Demographic Options

Financing

Business Basics

Regulatory Agencies

And Much More!

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# Private Practice

## Finding and Evaluating a Practice

### Multi-Specialty

- Complex division of revenues and expenses
- Income division may value procedural over cognitive services
- Unfavorable attribution of ancillary service revenue is typical
- Group expenditures may serve some interests more than others
- Variable member productivity, contribution and valuation



# Private Practice

## Finding and Evaluating a Practice

### Single Specialty Group Practice

- Potential for office efficiencies/shared investment
- Stable coverage
- Improved negotiating power with payers and suppliers
- Easier to make investments in creating ancillary service lines
- Your personal contribution to decision-making is affected by size

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## Welcome to the ARA website

Arthritis and Rheumatism Associates, P.C., is the largest Rheumatology practice in the Washington, D.C., area. For more than 30 years, the group has served this community and has been dedicated to the diagnosis and treatment of persons with disorders of the joints, muscles, tendons, and other connective tissue. Our practice has treatment centers in Wheaton, Rockville, Chevy Chase, Olney and Frederick Maryland, and in Northwest Washington, DC.



### Latest News

Serving our Wheaton and Olney locations



ARA is pleased  
to welcome  
Nitasha Kumar,  
MD, FACR, CCD

For more information [please click here.](#)

Serving our Rockville and Frederick locations



ARA is pleased  
to welcome  
Katherine  
Maher, MD

For more information [please click here.](#)

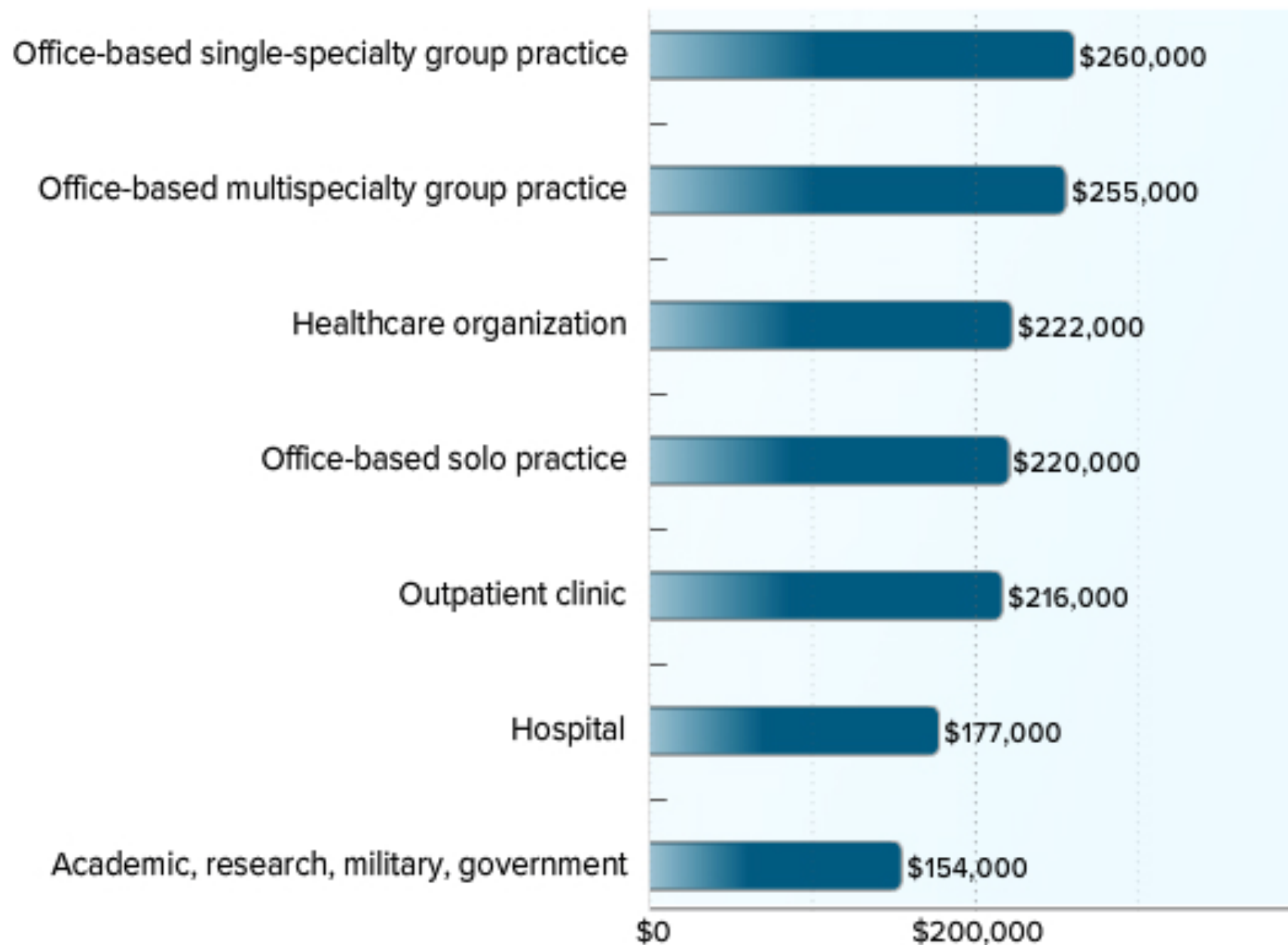
### Spotlight



# Compensation Report Details

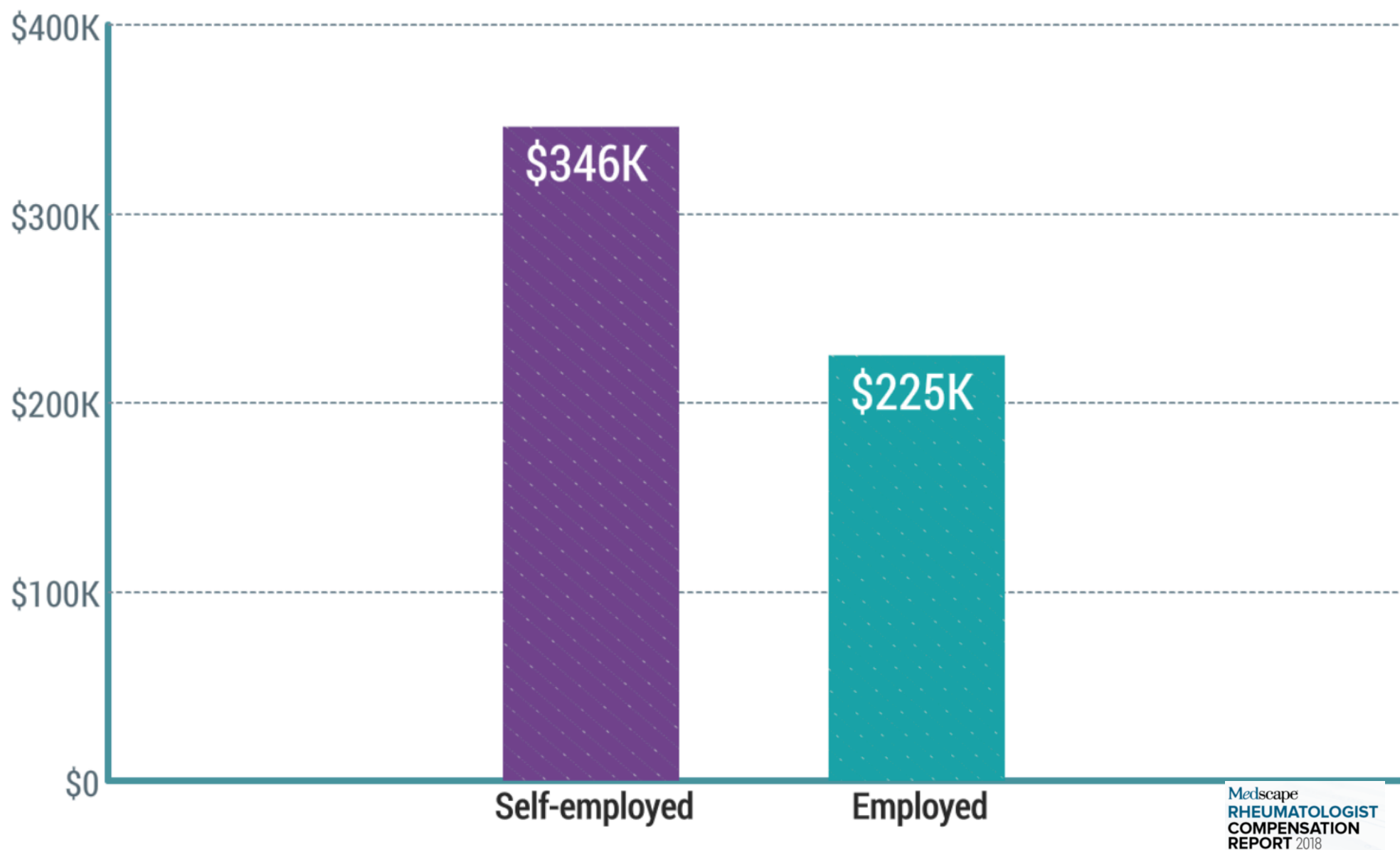
Medscape

## Rheumatologist Compensation by Practice Setting

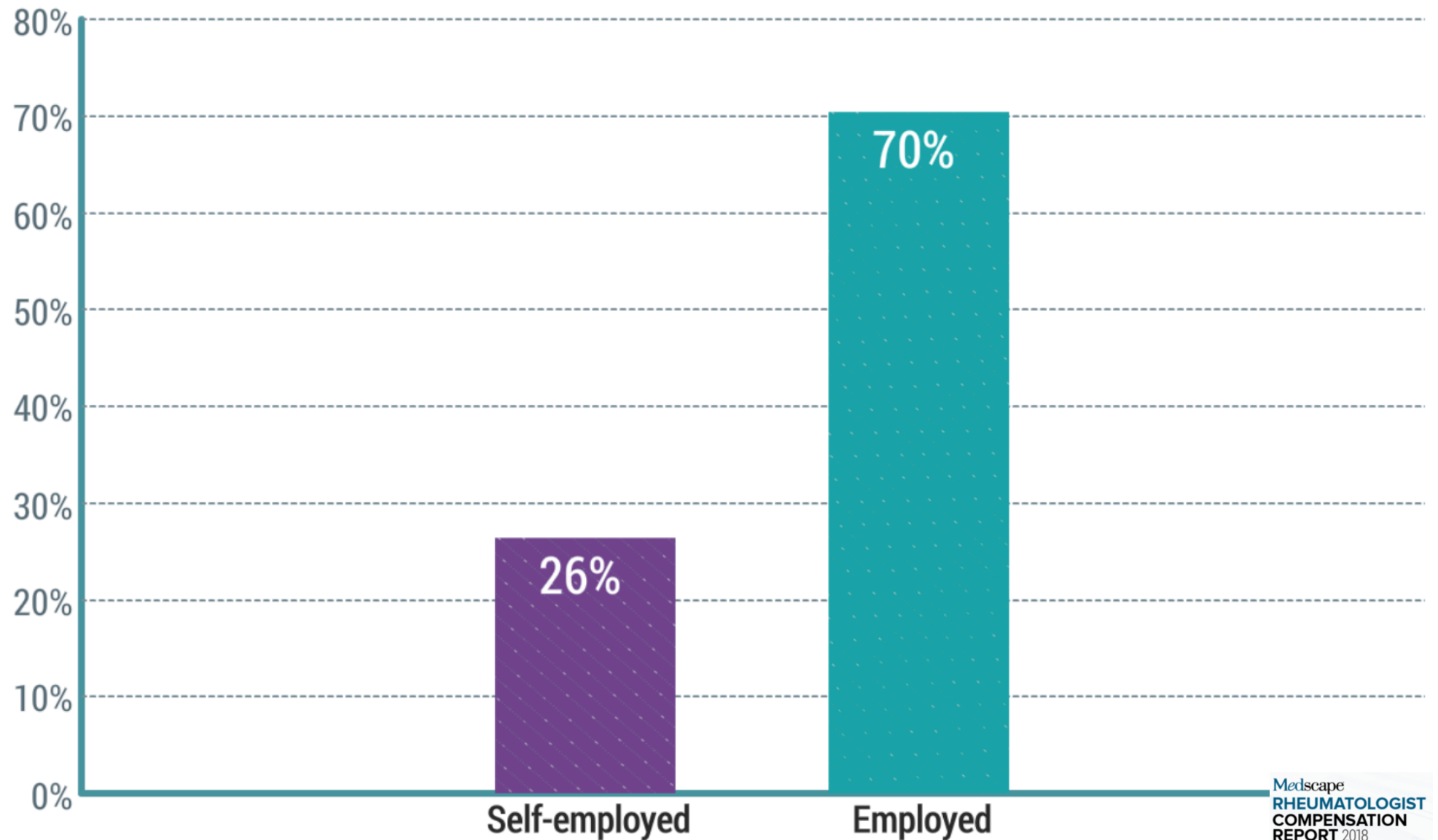




## Who Earns More: Employed or Self-employed Rheumatologists?

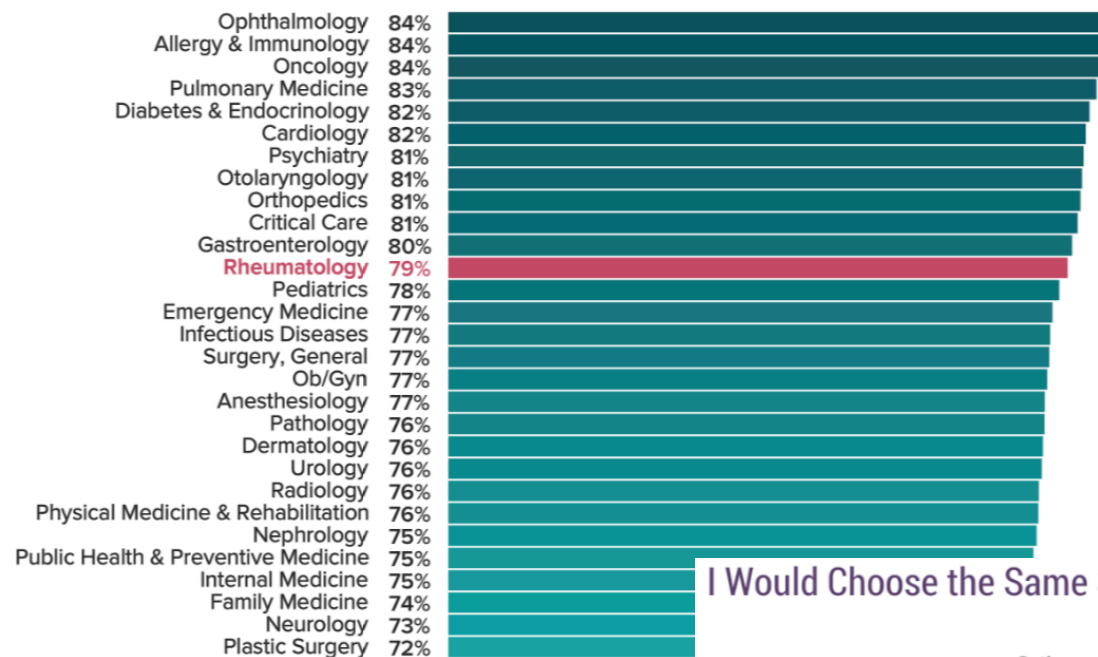


## What Percentage of Rheumatologists Are Employed vs Self-employed?

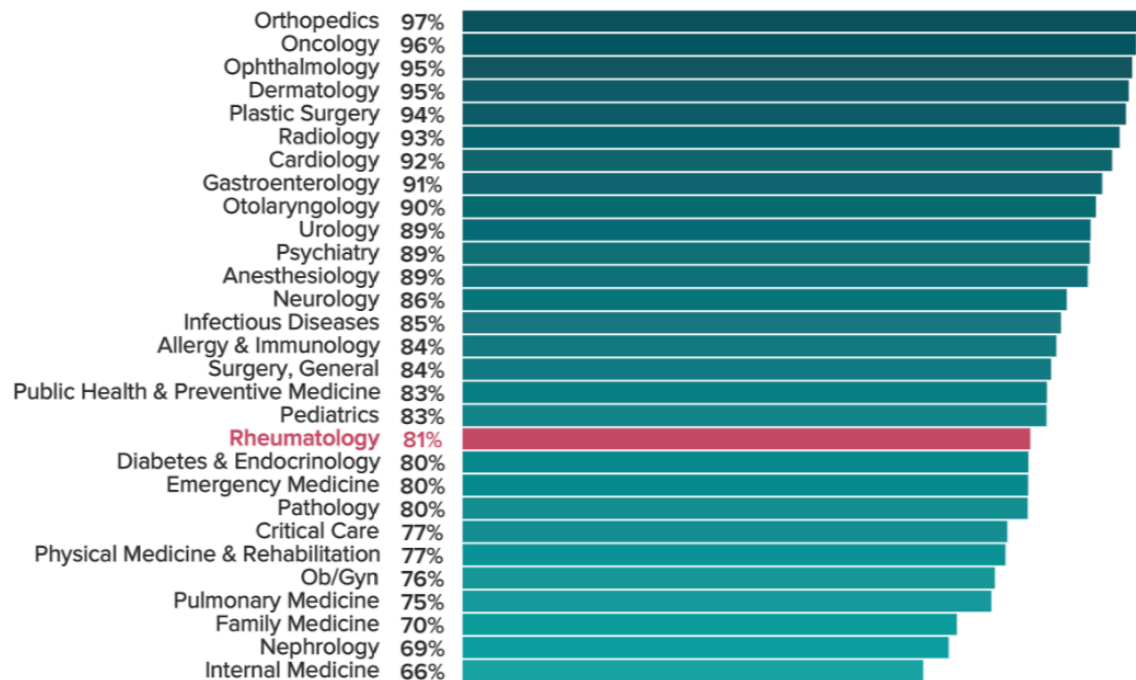




## I Would Choose Medicine Again




## I Would Choose the Same Specialty









# COVID-19 and 2022

## Looming Over All of Us

# Seven Job Search Mistakes of New Physicians

1. Seeking the wrong job
2. Not allowing enough time to do a search
3. Gravitating to big metropolitan areas
4. Not understanding pro's and con's of hospital employment
5. Putting too much faith in recruiters
6. Rushing to accept the first good offer
7. Failing to be a tough negotiator



# Casting Your Net

- Focus on where you want to live
- Classifieds/ACR Website/Serno/Doximity
- Local medical society
- Program director
- Networking
- Headhunter
- Cold-calling

# Timing is Everything!



# So You Want to Go into Private Practice?

- Practice Setting
- *The Interview*
- The Contract
- Building Your Practice
- Business of Practice



# The Process

- Initial Interview/Contact
  - Write a thank you note!
- Second look
  - Meet all of the physicians
  - Meet staff
  - See the facilities
  - Write a thank you note!

## The power of a thank-you note

Thank-you notes might seem old-fashioned but there's plenty of value to be found in the tradition. According to a [study by Accountemps](#), just 24% of job applicants send thank-you notes after interviews — but 80% of hiring managers who receive them say they are useful in evaluating the potential of applicants. Proponents of thank-you notes say they are an inexpensive way to strengthen a relationship and show the applicant cares about the job.

Perspectives curated by LinkedIn Editors

Medical Economics &gt; Practice Management &gt; Career

## How physicians can write the perfect job interview thank you note

September 25, 2013

By Alison Ritchie

If you've interviewed for a position, sending the employer a simple thank you note can set you apart from the other candidates says Tommy Bohannon, divisional vice president for Merritt Hawkins.

"So many of the hiring decisions are based upon personality type issues," says Bohannon. "For any given job there a thousands of doctors that are medically qualified to take the job But many more clients are more willing to hire the candidate that fits in with their culture and their vision for their practice."

Bohannon recommends candidates follow this advice:

- Be specific – Reference specific people you met and information you gathered from the interview.
- Reference the next step – Use the letter to sound positive and forward thinking.

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<https://t.co/4ddVodK5AM> via @grstream  
<https://t.co/3OWALnbMYS>



- Be specific – reference specific people you met and information you gathered from the interview.
- Reference the next step – Use the letter to sound positive and forward thinking
  - “I look forward to working with you” or
  - “I look forward to receiving your offer letter.”
  - If the position requires a second interview:
    - “I look forward to meeting with you again soon.”
- Check grammar and spelling!
- Keep it short, just a few sentences and use stationery

# What Are You Looking For?

- Fulfillment?
- Good personality fit?
- Highest possible income?
- A challenge?
- Part time or full time?
- A good practice?\*
- Clinical research
- Teaching opportunity
- Ultrasound
- Chance to innovate or build?
- A job?



# Clues to a Good Practice\*

- Friendly greeting/staff
- Nice surroundings
- Good Karma
- Location
- Community reputation
- Tradition of service
  - Community
  - Prof. Organizations
- Forward-thinking
- Acquisitive or defensive
- HMO penetration
- Ancillary services
- Respectful of one another
- Prior history with new physicians
- Strong management



# Other Considerations

- Is staffing adequate?
- Does the office layout work well?
- Is there space for you?
- Are the physicians open to new ideas?
- How competitive is the market place?
- Will you be incentivized?
- How quickly will you be busy?
- Is your spouse or life partner on board?
- How do the docs like their IT platform?

# What Are They Looking For?

- An employee?
  - Another body to do the work (a schlepper)
- A chance for a buyout?
- A special skill or demographic?
- A partner?
- A leader?
- Someone to participate in practice building?
  - New location
  - A new skill
  - Share overhead
  - Share responsibility
  - Market strength



SMARTER BUSINESS. BETTER PATIENT CARE.

Published on *Medical Economics* (<http://medicaleconomics.modernmedicine.com>)

## **Tips for nailing a job interview at a practice or hospital**

Michelle Sprehe

Publish Date: MAY 06,2013



- Prepare (or think about) questions to ask employers
- Practices are looking for the best “cultural fit,”
- Prior to interview, take time to reflect on the kind of impression you want to make.
- Practices want candidates who will be a constructive member - it is helpful to demonstrate:
  - accountability
  - ability to lead
  - a collaboratorative mindset or “team player,”
  - thoughtfulness

- The biggest error interviewees make:
  - not asking questions relating to physician input in decision-making and opportunities for contributing their expertise
- Do your homework to ask pertinent questions
- Be on time and dress appropriately



# So You Want to Go into Private Practice?

- Practice Setting
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# The Contract

- How long until partnership
- Restrictive covenant
- Incentives
- Perks
  - Malpractice, health, life and disability
  - Meetings, dues, subscriptions, vacation
  - Moving expenses
- Call Schedule
- Leaving a practice
- Going to part time
- Covering your 'tail'

ARTHRITIS AND RHEUMATISM ASSOCIATES, P.C.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (hereafter referred to as the "Agreement"), made and entered into as of August \_\_, 2006, by and between ARTHRITIS AND RHEUMATISM ASSOCIATES, P.C., a Maryland professional corporation (hereafter referred to as the "Employer"), and Jane Doe, M.D. (hereafter referred to as the "Employee"). This Agreement shall be effective as of September \_\_, 2006, or such later date as the Employee actually commences full-time employment with Employer (the "Effective Date").

WITNESSETH:

WHEREAS, the Employer is incorporated under the provisions of the Professional Corporations Act of the State of Maryland; and

WHEREAS, the Employer's business consists of the practice of medicine; and

WHEREAS, the Employee is, or as of the Effective Date will be, duly licensed and qualified to practice medicine in the State of Maryland and the District of Columbia; and

WHEREAS, the Employee anticipates being Board-certified in rheumatology within twelve (12) months of the Effective Date of this Agreement; and

WHEREAS, the Board of Directors of the Employer has deemed employment with the Employee subject to certain terms and conditions of this Agreement and the Employee has indicated the Employee's willingness to accept such employment with Employer.

NOW, THEREFORE, in consideration of the mutual promises and covenants as hereinafter set forth, the parties hereto agree as follows:

1. Employment. The Employer hereby employs the Employee and the Employee hereby accepts employment with the Employer upon the terms and conditions set forth in this Agreement. The Employee warrants and represents to the Employer that the Employee is not a party to or bound by any restrictive covenant or other agreement that restricts or

19. Severability. Each provision of this Agreement shall be considered separable and, if for any reason any provision herein is determined to be invalid, such invalidity shall not impair or otherwise affect the validity of the other provisions of this Agreement. Moreover, the parties agree to replace such invalid provision with a substitute provision that will satisfy the intent of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first hereinafter set forth.

ATTEST:

ARTHRITIS AND RHEUMATISM  
ASSOCIATES, P.C.

By: \_\_\_\_\_  
Herbert S. B. Bauf, M.D.,  
Managing Partner

WITNESS:

Jane Doe

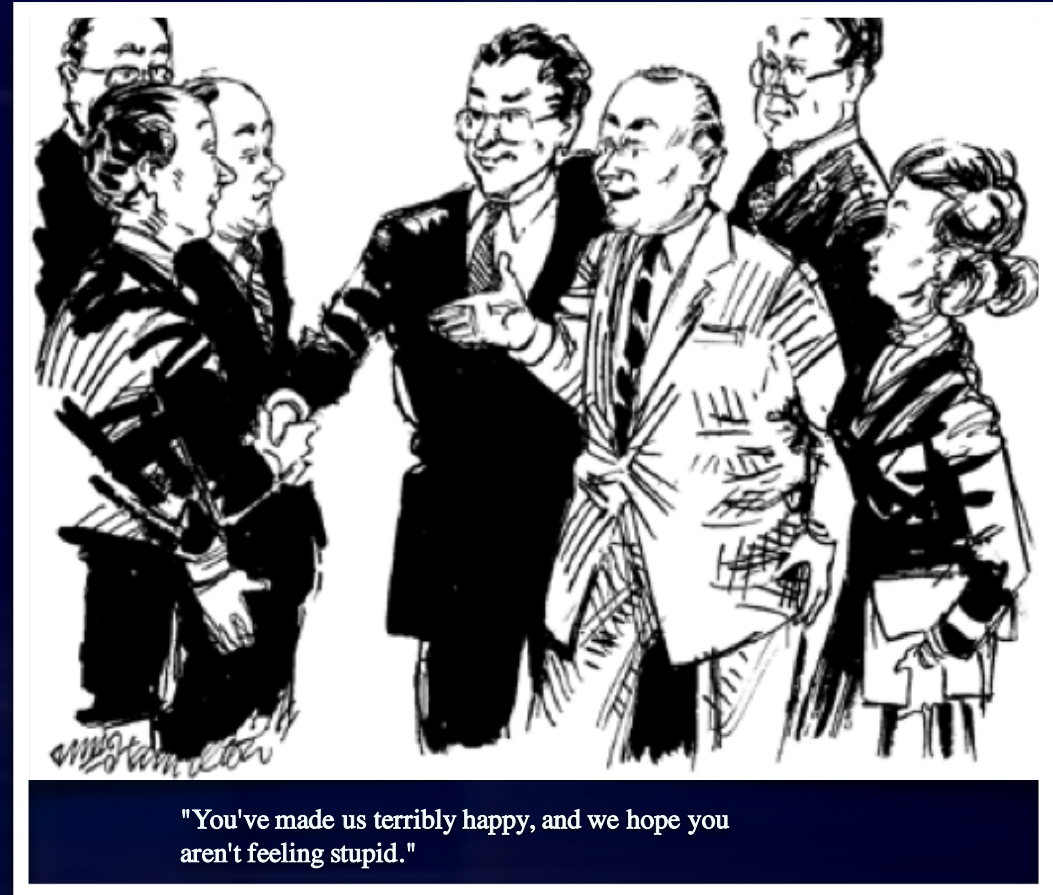
\_\_\_\_\_  
Jane Doe, M.D.,  
Individually

3-003 3-030-0-030-000003 3-030-0-003-0030-000003-030-0030-0030-00-0



# The Contract

- Everything is negotiable
- Some things are more negotiable than others
  - The second to join
  - The eighth to join
- All parties in a negotiation have to 'win'





# The Contract

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## **3 key areas to clarify in an employment contract**

October 25, 2017

By [Jonna Daleiden Eimer](#)

- Restrictive covenants
- Duties and call responsibilities
- Compensation and additional benefits



# The Contract

- Get an attorney\*
- Discuss with your peers
- Fairness comes in many forms

\* to explain the deal, protect you, protect the deal



# The Contract

- Starting salary:
  - tends to be higher with hospital systems and HMO's
  - may be affected by headhunter fees
  - ask - how does it relate to expected income in partnership after 3-6 years?
- Signing bonuses - don't expect them from a private practice



# Keep Your Eye on the Prize!





It's the Partnership, Stupid!

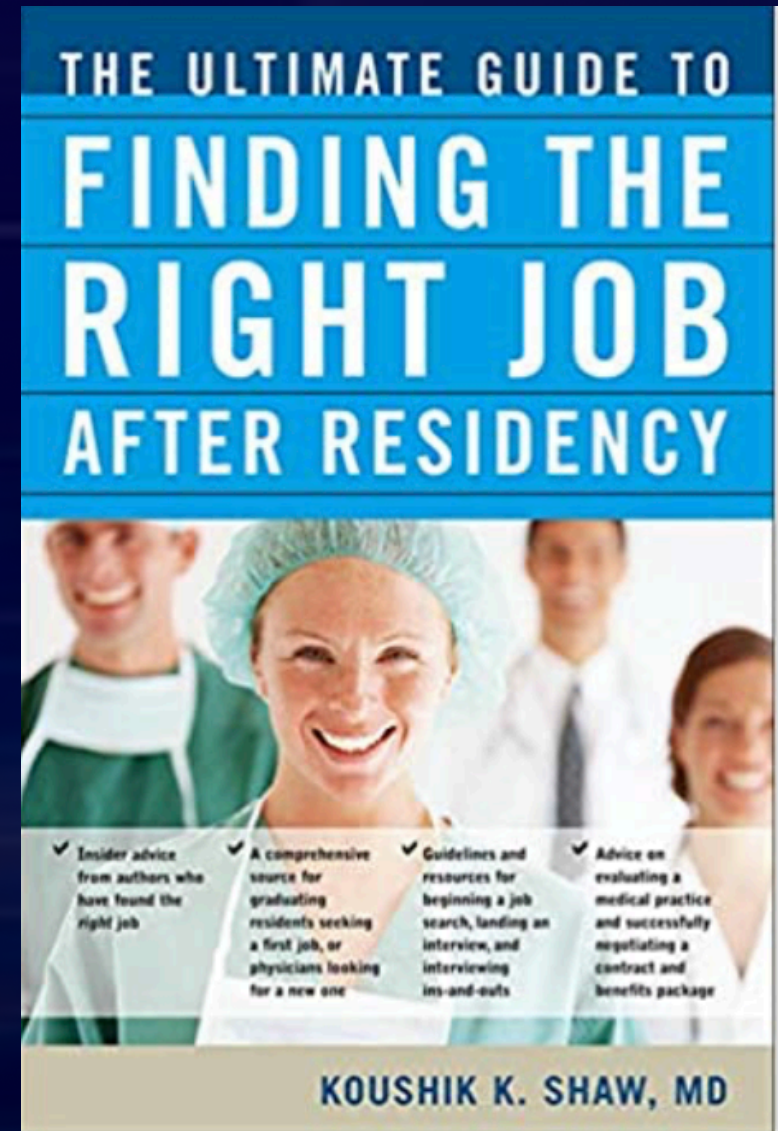
# Once You Have Accepted

- Start working immediately on
  - State license application
  - Hospital privileges
  - Insurance credentialing
- Bad things happen to those who don't!



# Additional Resource

- The preliminary phone call
- Preliminary investigation
- Study up on the business of medicine
- Check up on doctors who have left
- What is the on-boarding process?
- What is the timeframe of practice decision
- Juggling multiple job opportunities



[https://www.medscape.com/viewarticle/914865\\_print](https://www.medscape.com/viewarticle/914865_print)

# So You Want to Go into Private Practice?

- Practice Setting
- The Interview
- The Contract
- *Building Your Practice*
- Business of Practice





Paradigm shift:  
Busy is Good!

# Practice Building 101

- Humility
- Eagerness
- Visibility
- Accessibility
- Make yourself known



# Practice Building 101

- Put some talks together and give them
  - Grand rounds
  - Departmental meeting of internal medicine, FP, ortho
  - Patient groups
- Hangout where other doctors can see you
- Join the county medical society
- Community service
  - Arthritis Foundation/Lupus Foundation/Scleroderma Federation
  - Religious, ethnic, service organizations

## Want More Referrals? Here's How

Shelly Reese

December 20, 2017

- Having direct contact with referring physicians is challenging
  - most freestanding rheumatologists don't go to the hospital
  - primary care physician role replaced by hospitalists
  - fewer social venues to meet community physicians
  - charting has become a huge time-sink - *cuts down on free time*
  - hospital networks and lack of EHR connectivity - *may shut you out*

[https://www.medscape.com/viewarticle/889239\\_3](https://www.medscape.com/viewarticle/889239_3)



## Want More Referrals? Here's How

Shelly Reese

December 20, 2017

- Things you can do
  - reach out - especially to contemporaries
  - medical society and ethnic or demographic physician groups
  - grand rounds, Lupus, Sjogren's and Arthritis Foundation meetings.
  - hire or work actively with a physician liaison to enable contact
  - thank you notes, phone calls, social gatherings
  - take great care of your patients

# So You Want to Go into Private Practice?

- Practice Setting
- The Interview
- The Contract
- Building Your Practice
- *Business of Practice*



# Insurance Company

- A *business* designed to be a clearing house for funds used to finance health care
- Collection of premiums - payout of benefits = profit
- Such companies do not *provide* health care
- They *pay* for health care
- Profit is derived by paying....
  - Less for services
  - For fewer services
- The goal: earn a profit for stockholders
- The “Golden Rule”

# “I’m from the Government... and I’m Here to Help You”

- HIPAA
- Stark
- OSHA
- CLIA
- E & M coding compliance
- Medicare Modernization Act
- ACA - ObamaCare
- P4P/Quality/PQRI/PQRS
- Meaningful Use
- MACRA: MIPS and Alternative Payment Models
- ACO’s, VBPM, Bundled Payment and PCMH
- Sunshine Laws