

# Healthcare Alert

## RECENT TOPICS

1.2

### ADMINISTRATION OF MEDICARE DENIALS

*Changes in Medicare payment processing procedures could affect your bottom line.*

1.3

### EQUIPMENT FINANCING ALTERNATIVES

*Issues faced when procuring equipment for your practice.*

1.4

### CAPITATION ARRANGEMENTS: SHARING THE RISKS

*Some carriers are willing to share the risks of capitated reimbursement plans.*

1.5

### PROFESSIONAL COURTESIES AND DISCOUNTS

*Extending professional courtesies or discounts to patients can be a costly gesture if not properly documented. Learn the pitfalls.*

written by Mark A. Manzi, CPA

## PHYSICIAN COMPENSATION MODELS

ESTABLISHING AND IMPLEMENTING A SUCCESSFUL COMPENSATION PLAN.

There are several different ways to construct physician compensation models. Before embarking on this project, the physician group should examine its members' objectives and conduct open discussions to eliminate significant differences and establish a preliminary plan. This approach will assist the group in saving time, reducing stress and increase the likelihood of implementing a successful plan.

During the planning process the group should define what items are to be included in compensation. For example; should compensation not only include wages, but such items as qualified pension contributions, health, disability and life insurance premiums, automobile expenses, seminars and conferences or non-qualified deferred compensation? When discussing these items the group should identify differences in cost and how those differences are to be treated.

Once you have defined compensation, you will need to discuss the method of determining individual members' share of compensation. A compensation formula should take into consideration the group's specialty, ancillary services and the regulations affecting them, a physician's clinical and administrative time, sub-expertise, as well as life-style choices and various stages of practitioner's life. Compensation shares can be determined on an equal basis, partial equal sharing and productivity or purely based on productivity.

If the compensation formula contains a productivity portion, it must address all practice activities to be deemed fair and reasonable. In addition, it should identify the measurement method, such as relative value units, standard units, or provider dollar collections, to name a few. Lastly, if there is a significant usage disparity, the formula may have to be applied to practice overhead.

Whatever method you chose it should be reviewed and evaluated thoroughly before it is implemented. This will mitigate disappointment, reduce false expectations and potential disputes.

*Let our firm assist you with your concerns. Please contact us today.*



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