

Issues to Consider for Hiring Part Time Physicians

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Dynamics of physician recruitment are changing.

The demand for physicians continues to rise nationwide.

Introduction

The dynamics of physician recruitment are changing along with the demographic landscape, and medical group administrators are looking for ways to adapt. The percentage of female medical graduates is rising, and as they enter the workforce at the peak of child-bearing age, many are opting to be part time physicians. Men are joining the part time bandwagon in greater numbers as well, some to share in child-rearing and others to intentionally strike a balance between their personal and professional interests.

Women in medicine have come a long way since the days of Elizabeth Blackwell, the first woman to receive a medical degree in the United States in 1849. Women comprised just over 45 percent of applicants and new students at U.S. medical schools in 1999-2000. The proportion of women medical residents increased from 28 percent of all residents in 1989 to 38 percent in 1999 according to the Association of American Medical Colleges. Several websites, such as www.MomMD.com, are devoted to the unique challenges for women physicians, including how to balance their profession with their family.

Meanwhile, the demand for physicians continues to rise nationwide as indicated by the number of groups that are in a perpetual recruiting mode. Adding physicians is seen as a relatively simple and valid strategy for making call schedules more liveable and for diluting fixed overhead costs. In many communities, population growth is also driving the need for expanding medical resources. But as the competition for fulltime physicians accelerates, medical group administrators are beginning to take a closer look at the part time model.

Part time physicians can also offer some unique benefits to a group. Part time physicians can extend the group's medical options and personal choices for its patients. Groups composed of all male physicians may find their market appeal increase as they add part time female associates. Part time physicians may bring a special interest or medical procedure to the group that is not currently offered, providing an opportunity for increasing internal referrals. Part time physicians may also increase the group's efficiency by using facility space and time that would otherwise go unused.

Employing part time physicians requires adjustments in thinking about the overhead structure and its impact on physician compensation, call-sharing, and shareholder policies. As I have observed groups around the country, I have seen patterns emerge in how groups deal with these recurring issues. This article highlights those observations and offers suggestions for healthy and sustainable organizational adjustments.

Physician Compensation

Part time compensation for part time work seems logical, but determining a fair compensation package isn't as straightforward as it might be for an hourly worker. The reason is that even part time physicians often require and expect some full time

How to deal with the compensation for part time physicians.

Call sharing becomes an issue with part time physicians.

benefits like professional liability insurance, family health coverage, all the holidays and a generous allocation of time off for family vacations. Furthermore, the fixed costs of overhead are typically 60-80% of the total overhead costs in a practice. If a part time physician were to be responsible for an equal share of the fixed costs, the net proceeds of the practice might be so low as to make it no longer a viable option.

Here are some typical options for dealing with compensation of part time physicians:

- Allocate a portion of the fixed costs roughly equal to their share of the schedule, plus direct expenses for all taxes and benefits. For example, if three physicians hired a fourth as a half-time associate, the part-time person would be responsible for one-seventh of the fixed costs, plus their own malpractice and health insurance, and other payroll taxes and benefits.
- Determine a flat hourly rate for professional services, and engage the part time physician as an independent contractor, responsible for all her own personal taxes and benefits. As an independent contractor, the part time physician would be free to engage with other practices in a similar manner.
- Commit to a fixed salary for a standard schedule or threshold of net collections, with an incentive plan for receipts or time in excess of the base. The group would need to set the threshold at a level that at least covers a reasonable share of the overhead attributed to the part time physician's involvement in the practice.

Call Sharing

Sharing in the responsibilities for covering call becomes an issue both for part time physicians and for those who might be nearing retirement. For full time physicians, taking call comes with the territory. It's part of being a physician. But for part time physicians and for near-retirees, it becomes a negotiable item in the employment contract. Groups that aren't ready for discussions about flexible call schedules may be limiting their options.

On-call time can also be a revenue-producing opportunity, so those who elect a productivity-driven compensation model need to understand the impact that reduced call will have on the ability for the part time physician to earn a viable income.

Here are some typical options for call-sharing:

- Structure the call schedule to imitate the office schedule. As in the example above, a half-time physician who is the fourth in a group might take one-in-seven call responsibilities while his fulltime colleagues each take two-in-seven.
- If there is a sufficient core of full time physicians to take an equitable and livable share of the call burden, allow part time or retiring physicians to "buy-out" of call responsibilities. According to an MGMA Information Exchange Survey in 1998, groups structure the option to buy out of call responsibilities with salary reductions averaging about 20% of total compensation. The range, according to the survey was from about 10% to 75% of total compensation.

Shareholder Policies

Should part time physicians be allowed to assume the rights and responsibilities of shareholders? This issue is a bit more challenging.

Being a shareholder means having an equal voice, at least in legal terms.

The reality is part time physicians can never be full time participants in the business.

Job-sharing offers another unique challenge to employing part time physicians.

Adjustments made for part time physicians may be well worth the risk.

Becoming a shareholder in many practices is little more than a rite of passage. The risks and benefits for shareholders are often little different from those of non-shareholder physicians, but there is still a mystique associated with being an equal shareholder or partner in the business. It means having an equal voice, at least in legal terms.

But part time physicians, by definition, don't function as equal stakeholders in the business of the practice. Their contribution of time is unequal, and their availability for uncompromised commitments for the group's welfare is also usually limited. They have their feet in two places, and the clear boundaries mean they will never be likely candidates for leadership in the group like their fulltime counterparts. They might not attend all board meetings and participate fully in the decisions of their group. If they didn't vote on an issue by virtue of their absence, they may feel justified in not complying with it, or may wallow in passive-aggressive behavior patterns to register their complaint.

The reality is part time physicians can never be full time participants in the business. The options are a little more limited:

- Many practices offer employment as the only option for part time physicians. The mutual expectations are clearly understood, and the part time physician recognizes that their input to business decisions will be purely advisory at best.
- In some cases, a husband-wife physician team can function as one full-time-equivalent shareholder. They may have one name on the documents, but with the understanding that either can vote at board meetings in proxy to the other.
- Some practices allow part time physicians to have a less-than-equal share, with voting rights to correspond with their share of the company stock. The terms of the buy-sell agreement may provide for a percentage of the normal buy-in to match their intended schedule.

Job-Sharing

Another hybrid solution to the unique challenges of employing part time physicians is to employ more than one to share a full-time role. When two physicians find compatibility and complementary practice styles in each other, they can perform wonderfully in serving a full panel of patients equal to or greater than those of their full-time associates. Compatibility and communication are the keys, and they are usually produced by the two physicians finding each other rather than relying on the group's recruitment process. The challenges of compensation and call-sharing diminish under successful job-sharing arrangements, but the shareholder issues remain, unless the job-sharing is done by spouses.

Conclusion

Part time physicians have a unique contribution to make, but practice administrators and fulltime physicians may have to adjust their thinking to accommodate part-timers. The adjustments may well be worth the risk, however, to make the best use of facilities and staff, and to extend the group's medical resources in a competitive recruitment environment.