Contract Negotiations
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Matthew Radel PA-C, PLLC

Goals
- Creating Your Ideal Contract
- Why am I Here?
- What is your goal in negotiating?
- Selling the PA Profession
- Components of Contract
- Legal Requirements of Contract
- Partnership Agreements
- The Art of Volleying

ASK YOURSELF?
- What do you want? Specialty? Surgery?
- How much do you want to work? Call or No Call?
- What can live without?
- What is my bottom-line?
- Where can you go within this job?
- What benefits do you want?
- Do you want a potential partnership?
- How much should you earn?
- Could you see yourself here in 5 years? 10 years?
- Do you want to travel?
- Do you want students?
- Do you mind competing with residents?
- Do you want a life outside of work?
- Do you want to staff all cases or work more independently?
Why Am I Here?

- So you don’t get screwed!
- To give you realistic expectations
- To help push you to the 25%

WHAT’S YOUR GOAL

YOUR MONEY

YOUR EMPLOYER’S MONEY

Rules of Contract Negotiation

1. EVERYTHING is Negotiable.
2. Nothing is binding until you and your employer sign.
3. Know all the players and their positions before, during and after the process.
4. Ask for the farm most of the time.
5. Don’t sign until someone else has reviewed your contract!
6. TRUST YOUR GUT INSTINCT!
Selling the Profession

- What is your worth in medicine?
  - Approx. 25¢ - 50¢ per dollar of MD income
  - EM PA ~ $115,000
  - EM Physician ~ $333,000
  - Bill at 85% of Medicare Individually
  - Remaining 15%
- What do you bring to the practice?
  - Bill to cover overhead costs typically
  - Lower Insurance Risk/Increased Cost Effect.
- What you can do to free up patients in the practice and free up doctors schedules?

Components of Contract

- Contract Term and Termination
- Classification
- Scope of Practice
- Credentials and Privileges
- Compensation
- Fringes Benefits
- Malpractice Insurance
- Sick Leave and Disability
- Partnership Agreements
- Covenant/Non-Compete Clauses
- Contract Disputes
- Miscellaneous
- Conclusion
TERM and Termination

- TERM - How long you agree to work there
- TERMINATION - How it works if you want to/must leave early or you screw up

As a first year graduate or new employer DO NOT SIGN for more than 1-2 year contract!

Classification

- Who are you?
  - Employee
  - Partner
  - Locums
  - Figment of Imagination

Scope of Practice

- What you can do at this job site.
- Hours of Operation/Call
- An “extension of the physician”
- NEVER operate outside your scope!
COMPENSATION

- WHAT ARE YOU WORTH TO YOU?
- HOW MUCH SHOULD YOU MAKE?
- WHAT IS YOUR FAMILY WORTH TO YOU?
- WHAT IS YOUR BUDGET?

MEDICINE + BUSINESS = COMPENSATION

COMPENSATION

- The NORM
  - $80,000-$90,000/year for starting grads
  - National Average $~106,783
  - Spectrum $65,000 - $142,000
  - Review in 6 months to 1 year at minimum
- Hourly Conversion
  - $90,000/year is approximately $45/hour
  - Always include COLA increases annually
    - Generally 3-4%

COMPETENCE + CONFIDENCE = HIGHER COMPENSATION
### SO YOU KNOW?

![Compensation Data](image)

### Compensation Data

Annual mean wage of physician assistants, by state, May 2017

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Note 1:

**2011 Nurse Practitioner Salaries Over Time, 2001–2011**

2011 results based on 3,216 NP responses

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Note 2:

**2011 Physician Assistant Salaries Over Time, 2001–2011**

2011 results based on 1,388 PA responses

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WE LOVE DATA!

<table>
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<tr>
<th>Income Range</th>
<th>Percent</th>
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<td>Less than or equal to $40,000</td>
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<td>$40,001 - $60,000</td>
<td>4.3%</td>
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<tr>
<td>$60,001 - $80,000</td>
<td>12.2%</td>
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<tr>
<td>$80,001 - $100,000</td>
<td>21.1%</td>
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<tr>
<td>$100,001 - $120,000</td>
<td>24.6%</td>
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<tr>
<td>$120,001 - $140,000</td>
<td>10.6%</td>
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<td>$140,001 - $160,000</td>
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<tr>
<td>Total</td>
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Published in FORBES Magazine Jan 2016

Fringe Benefits

- Signing Bonus
- Relocation Expenses
- Health, Life, and Disability Insurance
- 401k/Retirement
- Malpractice Insurance
- Vacation/Sick Time
- School Loan Forgiveness
- CME
- Research Funding
- Licensing Expenses
- Stipend/Rent
- Consulting
- Production Bonus
- Maternity Leave
- Paternity Leave

Signing Bonus

- The Norm
  - $5,000-$10,000
  - Very often overlooked
  - Sometimes paid after your 90 or 180 day probation period.
Relocation Expenses

- The NORM
  - $5,000
- Often overlooked
- Sometimes has to be taxed

401k/Retirement

- The Norm
  - 4-6% matching by the company
- May require 1 year probation with company to start company vesting
- Smaller Companies may use SIMPLE IRA
- Newer options include Roth401k with matching in 401k
- GOAL: Minimum personal investment to maximize company investment

CME

- THE NORM
  - $1500 - $3000
  - 5 days paid time off
  - Usually use it or loose it
  - Include a clause that allows for medical equipment/software
  - Also may ask for 2-4 hours/month for CME study in clinic
  - May be required to maintain additional certifications....up your CME!
Health Insurance

- The Norm
  - Full Coverage for Employee
  - Partial Coverage for Employee’s Family
- Medical
  - Healthcare Spending Account
  - Flexible Spending Account
- Dental
- Vision

Malpractice Insurance

- OCCURRENCE – Your covered no matter when the claim is filed. ~$5,000/year
- CLAIMS MADE – Your covered only while the policy is active. ~$2,500/year
- TAIL COVERAGE – Your still covered after the claims made policy has terminated. Usually for two years ~$2,500/year

\[ \text{Occurrence} = \text{Claims Made} + \text{Tail Coverage} \]

Vacation/Sick Leave

- The Norm
  - 2-3 Weeks Paid Vacation
  - 10 days sick leave
  - Sometime accrued as PTO
  - $5000-$10,000 bonus paid out annually for not calling in sick
Stipend/Rent
- The Norm
  - Varies ~$300-$1000/month
  - Often does not include Utilities
  - May have to rely on Hospital Kitchen
  - Rent may only be for 3-6months for permanent employment
  - Can be combined into moving expenses

Loan Forgiveness
- The Norm
  - Rare to come from the private sector
  - $5,000 - $15,000/ year of service
  - Sometimes only granted after 2nd year completed
  - Perkin’s and Nursing Loans
    - https://www.mycampusloan.com

Loan Repayment
- NHSC
- State Loan Repayment Programs
- Armed Forces
- Employer not allowed to include any of these as compensation
Licensing Expenses

- The Norm (Employer Pays ALL of them)
  - State Licenses ~$150-$350
  - DEA License ~$750
  - NCCPA Renewal ~$80
  - Testing Fees ~$450
  - Required Coursework ~varies
- If they are not...up your CME allowance

Productivity Pay/Bonuses

- The Norm
  - >12-16 patients day
  - $1,000-10,000/year in annual bonuses
  - Sometimes based on RVU or Production Rate
    - Example: Anything over 1.7 patient’s/hour pays 3 dollars more per hour
Maternity/Paternity Leave

- The Norm
  - Maternity Leave
    - 3 Months
  - Paternity Leave
    - 2-6 Weeks
- The Twist
  - Cash out remaining time off if not used
  - OR Sell it to other employees for ½ time

Covenants/Non-Compete Clauses

- How far away must you move before you can work in a new place or the penalty you must pay in order to work closer
- What area of medicine you may not pursue within given geographic area.
- Usually has time limit on it...if not set one!

Disputes

- The Norm
  - The loser pays for the costs associated with the dispute
  - Your only as good as your defense, if it is not written in the contract then it does not exist!
  - When in doubt get legal counsel prior to signing!
Partnership Agreements

- GET LEGAL COUNSEL!
- GET A CPA TO OVERLOOK AGREEMENTS!
- Consult with someone who already has been through the process
- LLC versus S-Corp versus C-Corp

Why PLLC or S-Corp?

- Lowers Individual Risk
- Unable to garnish wages
- Lower Tax brackets
- Larger Investing Options
  - Individually -> $18,000 (Matching $18,000)
  - Corporate -> $53,000

Paycheck of Employed PA-C

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<th>Personal Taxes/Deductions</th>
<th>Employer Paid Taxes/Deductions</th>
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<td>TOTAL INCOME: $8,913</td>
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<td>TOTAL EMPLOYEE TAXES/Deductions: $2,478</td>
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<td>TOTAL EMPLOYER TAXES/Deductions: $1,158</td>
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<td>TAKE HOME PAY/PNET INCOME: $4,476</td>
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Paycheck of PLLC PA-C

Business Taxes/Deductions
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Summary
- TOTAL MONTHLY INCOME: $12,200
- TOTAL BUSINESS TAXES/DEDUCTIONS: $6,340
- TOTAL EMPLOYER TAXES/DEDUCTIONS: $0
- CASH BALANCE: $5,860

EMPLOYED VS. PLLC

Summary
- TOTAL MONTHLY INCOME: $8,913
- TOTAL PERSONAL TAXES/DEDUCTIONS: $2,478
- TOTAL EMPLOYER TAXES/DEDUCTIONS: $1,958
- TAKE HOME PAY/NET INCOME: $4,476
- CASH BALANCE: $5,860

CONTRACTS REVIEW
- Discuss contract with one smarter than yourself
- Discuss contract with your spouse/significant other
- Discuss contract with attorney and/or CPA
- Revisit Contract Terms 6 MONTHS or ANNUALLY at a MINIMUM, especially your first year
The Art of Volleying

- Relax you have a JOB!
- Communicate & respond within 3 to 10 days
- Wait at least 3 days
- Never more than 14 days unless it involves partnership agreements
- Keep them informed
- Make your counter offer look SHARP!

Questions?

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