



## Assessing Your Practice Options

### What You Want

The first step in the process of beginning your career as a practicing orthopedist in a chosen practice is knowing what you want from work. Realize that different work environments present different challenges. For example, you might be an orthopedist in a small group, a large group, a multi-specialty orthopedic group, or in an academic department. Each setting has different implications for:

- call coverage;
- research;
- income potential;
- risk for competition;
- business development;
- financial investment;
- camaraderie;
- political environment; and
- perceived prestige in community.

### Types of Opportunities Available - Generally

There are three basic types of environments in which you might work: an academic setting, private practice orthopedic group (small or large), or a private multi-specialty group.

Each has trade offs; no one situation is perfect. The goal is to find the situation for which you are best suited. Furthermore, what you consider to be an advantage or a disadvantage is a function of *your own preferences*.

When deciding what is most important for you, you should be able to prioritize the attributes that matter most to you, recognizing that some overlap. For example, in an academic setting, you will have a controlled environment with call coverage from fellows and residents, but you may have a lower overall salary. Or, small orthopedics groups may share call in rotation with other orthopedists in the area for general call if there are enough in the community. Or, private multi-specialty group may have an internal referral base, but your practice may be geared to general orthopedics. Each position is different.

### Implications of Different Orthopedics Settings

Orthopedists practice in a variety of settings from narrow subspecialty practices to fully integrated practices. You should consider both the **degree of specialization** you want and the **amount of control** over your own practice you need to determine what type of setting is best suited for your practice.

In evaluating your options and settings, decide both what you do want and what you do not want. Remember that what you do not want can often be clearer than what you do want and can be an equally good place to start. Define your "ideal" practice as best as you can to determine what you are looking for. This will minimize the time spent in the search process because you will be able to eliminate certain situations at the outset.

## Implications of Different Settings

Generally, the larger and fuller service the practice is, the lower the individual requirements to build your own practice and the greater the predictability of your income and the economics of the practice. Also, with more physicians and overall greater size comes additional regulation, which tends to mean both professional management and an established hierarchy. In such a setting, you may find your individual voice is "lost." Thus, if control over your own practice is paramount, a large multi-specialty group may not be ideal for you.

Consider the issue of call coverage. Call coverage is a necessary evil for most, if not all, orthopedists. Logically, you would think that a larger group would reduce the individual amount of call coverage. Depending on the practice location and style however, this may not be the case. Many larger groups become large by covering a number of facilities, the coverage of which may not be concurrently possible. As a result, these larger groups must maintain and implement multiple call schedules, particularly where they cover multiple facilities, thereby increasing the amount of call for each practice member. On the other hand, in areas of dense population, some groups are large but they retain only a few facility bases. Focusing on depth of coverage, rather than breadth of coverage, they are able to limit the call responsibilities.

## Economic Options of Orthopedics Practices

### Compensation Factors

Compensation levels for orthopedists vary too widely to provide an exact estimate. The variety is due to a range of factors including the need for new orthopedists in particular areas, the orthopedist's area of specialization, the employment situation (multi-specialty group, exclusive hospital contract, etc.), and the particular personality types the employers' feel they need. Furthermore, the laws of supply and demand become very important and play a key role in the situation. Lately, this has been an enormous factor impacting compensation due to the very limited number of orthopedists leaving residencies and fellowships each year.

Specific factors related to you and your employment opportunities include:

Candidate Factors
• Board certification in orthopedics
• Fellowship or "special" training
• Special or unique talents and skills, number of cases done, etc.
• How "hot" the specialty is at the time
• Geographic limitations flexibility
• Attractiveness as a candidate (personality, training, amenability to practice demands, likelihood of "fitting in," etc.)
• Number of similar candidates available, interested in position
• Candidate's ability to promote the practice/hospital (special talents, personality, reputation in the area, etc.)
• Special or unique talents and skills

<b>Employer Factors</b>
• Desirability of the practice location
• Level of competition in that (sub)specialty generally and in the employer's specific area
• Employer's reputation locally and nationally
• Employer's market share and growth potential in the practice's service area
• Number of potential candidates for the position
• Employer's need for your particular orthopedics talent (and reasons for the need)
• Degree of orthopedics specialization required (e.g. spine, hand, knees/hips)
• Co-ownership and/or advancement terms and opportunities

Compensation is a two-way street in which both the prospective practice and the candidate arrive at a mutually agreeable salary based on a number of considerations. Regardless of distribution, a practice only has a certain amount of funds to allocate for a new associate. On the other hand, a practice cannot really change its physicians, location or much else about itself very quickly. Many times, as the demand for associates increases all it can (realistically) change is the compensation offered and its track to co-ownership. If a high guaranteed salary is important to you, then you may have to give up some bonus potential, an employer paid disability insurance policy, or other benefits. Alternatively, you might be offered a great compensation package only to find either that your salary will not increase much per year or that the buy-in terms are oppressive or not offered at all. Co-ownership is not always a spelled out part of the deal, and it is not always automatically based on the time served as an employee.

### **Basic Practice Economics**

#### **Average Gross Revenue per Orthopedist**

<b>Gross Revenue Range (Common)</b>		
Orthopedist	\$800,000	\$1,800,000
* These figures vary substantially throughout the country, based on geography and services rendered.		

#### **How Orthopedists Make Money**

Procedures form the majority of income for most orthopedists. However, on average, an orthopedist will spend about 50% of his time with office visits, 30% of his time doing surgery and 10% of his time teaching or doing administrative work. Thus, a focus on both what you would do and how you would make money in practice are important criteria in determining income opportunities. It is important to understand the patient mix, to understand if the practice focuses on chronic problems (that don't reimburse that well) or if the practice is aggressive in recommending surgeries.

#### **Average Net Income**

Practice gross (collected) and net (physician) income vary widely with extreme variation in ranges dependent upon practice style, philosophy, age of physician and type of practice. Some orthopedists in some regions will make two to three times the income of their local peers, depending largely on what they own, how medically aggressive they are, how hard they are willing to work (especially in terms of days during the week and time off). Another important factor is how willing they are to innovate and to assume risk in purchasing equipment and bringing on a wide range of professional talent. (Remember that the payors in the same regions tend to pay the providers relatively the same amounts.) Therefore,

effectiveness of billing and collecting aside and assuming the care rendered is medically necessary, differences in offers of compensation and earning potential may be due to practice "style," meaning one group takes more time off (thereby earning less) and another group simply works more.

### Associate Economics

Generally, there is an enormous range in what associates are offered, due to the laws of supply and demand. However, when considering "salary," remember to also consider the other elements of compensation (insurances, benefits, paid expenses, vacations, etc.). Nevertheless, the following are average candidates' starting salaries:

Associate Base Pay	
Percentage Based Ranges	Starting Salary Ranges
40% - 60% of collections (sometimes with a guaranteed amount e.g. not less than \$800,000 per year)	\$200,000 – \$500,000*
* This is possibly higher than expected due to the laws of supply and demand and there being less of these trained.	

If you have specialized training that the practice perceives as a benefit, then you may be offered a higher compensation level. Right now, having a subspecialty in hand surgery, pediatric, spine or foot-and-ankle makes you a unique candidate. As large orthopedic practices develop and grow, they commonly recruit increasingly specialized orthopedic talents.

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