The Comprehensive Course on Physician Hiring (Part 1)

Presented by
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Financial Disclosure

I have the following financial interests or relationships to disclose:
- Shareholder and employee of BSM Consulting.

Session Topics

- Feasibility Assessment for Adding a New Physician
- The Recruitment/Interview Process
- Selecting the Ideal Candidate
- Assembling/Presenting the Employment Offer
- Transition of the New Associate

Part 2 of this course will discuss typical contract provisions.
To Hire or Not to Hire

Key indicators for adding a new physician:
- Demand Exceeds Capacity
- Addition of New Subspecialty or Location
- Current Physician Wishes to:
  - Reduce Personal Practice Volume
  - Eliminate Surgery
  - Retire

To Hire or Not to Hire

Other key indicators supporting a new physician:
- Extent of Patient Choice in Market
- Practice Physicians at Capacity
- Outside Referral Volume
- Physical Accommodations
- Overhead Discipline

To Hire or Not to Hire

Other questions to consider:
- To what extent are wait times for patient appointments excessive?
- How efficiently are current providers working?
- How easily can you provide needed equipment and space with sensible capital investment?
- How must your staffing plan change to support a new MD?
- To what extent are current providers seeking more time off?

Check the handout resource for a self-assessment quiz.
Evaluating the Addition of a New Associate

Two ways of viewing costs when assessing viability:

- General Overhead Approach: The allocation of total practice cost to the new physician.
- Incremental Overhead Approach: The additional cost specific to adding a new physician.

Evaluating the Addition of a New Associate

General Overhead Approach

1. Project anticipated revenue from new associate.
2. Assign an equal/proportionate share of total practice overhead plus certain variable expenses.
3. If net result is positive, recruitment is viable.

A tough test that may prematurely preclude recruitment.

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected Revenue</td>
<td>$240,000</td>
</tr>
<tr>
<td>Less Overhead Share (@ 60%)</td>
<td>(144,000)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$ 96,000</td>
</tr>
<tr>
<td>Less Compensation/Benefits</td>
<td>(180,000)</td>
</tr>
<tr>
<td>Net Income</td>
<td>$ (84,000)</td>
</tr>
</tbody>
</table>
Evaluating the Addition of a New Associate

**Incremental Overhead Approach**

1. Project anticipated revenue from new associate.
2. Assign incremental costs related to compensation, benefits, additional staff, supplies, other variable expenses.
3. If net result if positive, recruitment is likely viable.

Provides important perspective for practices having above-average overhead.

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### Evaluating the Addition of a New Associate

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Revenue</th>
<th>Less Incremental Expense</th>
<th>Subtotal</th>
<th>Less Compensation/Benefits</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$240,000</td>
<td>(80,000)</td>
<td>$160,000</td>
<td>(180,000)</td>
<td>$ (20,000)</td>
</tr>
<tr>
<td>Year 2</td>
<td>$450,000</td>
<td>(150,000)</td>
<td>$300,000</td>
<td>(200,000)</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

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**Locating Qualified Candidates**

- **Society Websites**
  - AAO: [http://www.aoa.org/ophthalmologyjobcenter/](http://www.aoa.org/ophthalmologyjobcenter/)
- **Local Training Programs**
- **Recruiters**
- **Society Meetings**
- **Word of Mouth**

A variety of resources will improve prospects for success.
Who Should You Hire?

- Identify Desired Candidate Qualifications:
  - Training/Skillset
  - Personality
  - Compatibility
  - Potential
- Determine Specific Assessment Criteria
- Confirm Evaluation Process/Issue Assignments

Screening and Assessment

- Initial E-mail Contact/Curriculum Vitae
- Interviews
  - Purpose of Interviews
  - Prior Preparation of Q&A
  - Telephone Interviews
  - Initial On-Site Interview
  - Subsequent On-Site Interview
- References

Screening and Assessment

- Key Considerations for Interviewing
  - Devote Adequate Time/Attention
  - "Set Up" the Interview
  - Avoid "Canned" Questions
  - "Tell Me a Story"
  - Seek Insights by Digging Below the Surface
  - Avoid Prohibited/Unlawful Questions
  - "Sell" the Candidate!

Check the handout resource for sample screening questions.
Screening and Assessment

- What to Look For During the Visit:
  - Initial Presentation/Appearance
  - Communication Skills
  - Energy/Enthusiasm
  - Prior Preparation
  - Confidence/Affability
  - Balance
  - Compatibility of Spouse/Partner

- Assimilation of Interview Data
- Evaluation of Objective Factors
- Comparison of Candidates with Selection Criteria
- Ranking and Prioritization
- Effects of Emotion/Subjectivity

Candidate Management

- Presentation of Job Offer
  - Telephone Contact by Practice Leader
  - Offer Letter or Letter of Intent
  - Deadlines
  - Formal Contract
- Management of Alternate Candidates

Part 2 of the course deals with contract norms.
Candidate Management

1. Maintain constant and consistent communication with candidate.
2. Provide timely follow-up and honor your promises.
3. Avoid haste but act with urgency.
4. Remember that you’re competing against others.
5. Consider opinions of advisers but always retain decision-making authority.
6. Make decisions based more on logic than emotion.

Transitional Steps, Part A

- Licensing/Provider Numbers/Payer Contracts
- Hospital/ASC Facility Privileges
- Malpractice/Health Insurance Plans
- Resource Planning (Staff, Space, Equipment)
- Announcements/Introductions (Website, Social Media, E-Mail, Signage, Stationery, Business Cards, Telephone, Message on Hold)

Check the handout resource for a basic checklist of integration steps.

Transitional Steps, Part B

- Marketing
- Staff Orientation
- Physician Mentor
- Immediate Involvement in Committee/Project Work
- Regular/Balanced Feedback

Check the handout resource for a sample patient allocation algorithm.
Next Hour…

The Comprehensive Course on Physician Hiring (Part 2)

Negotiation, contract terms, using advisers…

Questions?

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Please be sure to complete a course evaluation.
Recruitment Feasibility Self-Assessment Quiz

By Richard C. Koval, M.P.A., CMPE  
Principal/Senior Consultant, BSM Consulting

This quiz is designed to provide a general assessment of feasibility for your practice’s recruitment of a new physician associate. As such, the quiz should be used in concert with other information and should not substitute for appropriate and comprehensive due diligence regarding this important decision.

Circle the letter beside the one response for each question that best describes your current circumstances.

1. How many weeks are normally required between the time a patient calls your practice for a routine exam appointment and the date of the appointment?
   A. More than four weeks  
   B. Three to four weeks  
   C. Two weeks or less

2. In how many years do you or one of your associates expect to fully retire from the practice?
   A. Three years or less  
   B. Four to six years  
   C. More than six years

3. How likely will you or one of your associates seek to decrease current patient caseloads within the next two years?
   A. Very likely  
   B. Possible  
   C. Unlikely

4. How likely will you or one of your associates seek to discontinue surgical caseloads within the next two years?
   A. Very likely  
   B. Possible  
   C. Unlikely

5. If your practice were unavailable to patients, how many equivalent and convenient choices for eye care services would patients find in your market?
   A. None  
   B. Few  
   C. Many

6. In general, how busy are physicians in the practice?
   A. At capacity at all times  
   B. Usually busy but have capacity for additional patients  
   C. Always have capacity for additional patients

7. How often do you refer surgical or subspecialty cases to other providers?
   A. Several times each week  
   B. A few times each month  
   C. Seldom

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8. How well can your physical location accommodate a new physician?
   A. Easily with minimal change
   B. Reasonably with some change
   C. With difficulty

9. What are the general trends of the practice over the past few years?
   A. Constant growth in patient volume
   B. Static patient volume
   C. Decreasing patient volume

10. What is your current percentage of practice overhead?
    A. Less than 55 percent
    B. Between 55 and 65 percent
    C. Greater than 65 percent

11. How many patients do you and/or your colleagues each typically see in a normal full day in clinic?
    A. More than 60
    B. Between 30 and 60
    C. 30 or fewer

12. How would a new associate primarily gain most of his/her patient volume?
    A. From the caseload left by a departing physician
    B. From redistribution of current caseloads within the practice
    C. From his/her own efforts in building referrals outside the practice

Total your responses by letter in the following spaces, then multiply as shown:

Number of responses to A: ___________ x 3 = ___________

Number of responses to B: ___________ x 2 = ___________

Number of responses to C: ___________ x 1 = ___________

Total Score: ___________

The highest possible score is 36 while the lowest is 12; higher scores tend to indicate better feasibility to support recruitment than lower scores. In general, if your total score is:

25 or greater: Recruitment appears to be feasible, subject to detailed analysis.
Between 13 and 24: Recruitment feasibility is questionable.
12 or less: Recruitment does not appear to be feasible at this time.

The decision to recruit an associate should be made in conjunction with a detailed assessment of practice circumstances and in consultation with qualified advisors.
Telephone Interview Outline

CANDIDATE: ________________________________________________

DATE OF INTERVIEW: ________________________________

1. WHAT ARE THE PRIMARY FACTORS YOU AND YOUR SPOUSE ARE SEEKING IN A NEW LOCATION? (Are the candidate's and spouse's expectations compatible with what the group and community can offer?)

2. ARE THERE CAREER OR EDUCATIONAL CONSIDERATIONS INVOLVED FOR YOUR SPOUSE IN RELOCATION? (Are the spouse's interests compatible with residence in the area?)

3. WHAT PREVIOUS EXPERIENCE HAVE YOU OR YOUR SPOUSE HAD IN THIS PART OF THE COUNTRY? DO ANY FAMILY MEMBERS RESIDE WITHIN THE AREA? (Are the candidate and spouse familiar with local geography, climate, culture? Would the candidate have family support nearby?)

4. HAVE YOU OR YOUR SPOUSE PREVIOUSLY RESIDED WITHIN A SIMILARLY-SIZED COMMUNITY? (Are the candidate and spouse familiar with the various aspects of life within a community of this size? How similar is this area to the spouse's childhood hometown?)

5. WHAT ARE YOUR RECREATIONAL INTERESTS? (Does the candidate exhibit tendencies toward being a "loner"?)

6. HOW IMPORTANT TO YOU IS MEMBERSHIP IN CIVIC, CHARITABLE, FAMILY, OR PROFESSIONAL ORGANIZATIONS? (Does the candidate exhibit a need for affiliation?)
7. WHAT IS YOUR LEVEL OF INTEREST IN PARTICIPATING WITHIN COMMITTEES AND POLICY-MAKING GROUPS? (Does the candidate demonstrate a history and interest in participative decision-making?)

8. WHY DID YOU PURSUE A RESIDENCY IN __________? (Are the candidate's primary motivations for a medical career compatible with what the practice can offer?)

9. WHAT IS YOUR ASSESSMENT OF THE QUALITY OF YOUR RESIDENCY/FELLOWSHIP TRAINING? IF YOU WERE TO CREDIT ONE INDIVIDUAL AS PRIMARILY RESPONSIBLE FOR THE PROGRAM HAVING BEEN EFFECTIVE FOR YOU, WHO WOULD THAT BE? (Does the candidate recognize the contributions of others to his/her success?)

10. WHAT DO YOU SEE AS THE MAJOR CHALLENGE FACING PHYSICIAN PRACTICES IN THE FUTURE? WHAT ARE YOUR PERSONAL PLANS IN RESPONSE TO THIS CHALLENGE? (Does the candidate understand competitive forces in medicine? Is the candidate practical or idealistic? Does the candidate exhibit a need for the security of an established practice or group?)

11. WHAT OTHER PRACTICE OPPORTUNITIES ARE YOU CONSIDERING? (Does the candidate appear committed to a practice of our type?)

12. WHAT IS YOUR ANTICIPATED DECISION DATE? WHEN WOULD YOU BE AVAILABLE TO BEGIN PRACTICE?
Patient Allocation Procedure

Step 1: Patient/Referring Provider Preference.
Has the patient or referring doctor specifically requested assignment to a particular physician?

- If yes, assign to that physician.
- If no, proceed to Step 2.

Step 2: Prior Relationship.
Has the referring doctor or the doctor providing primary eye care to the patient previously requested automatic assignment of his/her patients to a particular physician?

- If yes, assign to that physician.
- If no, proceed to Step 3.

Step 3: Physician Practice Emphasis.
Is the patient’s need clearly served better by a particular physician’s unique practice emphasis?

- If yes, assign to that physician.
- If no, proceed to Step 4.

Step 4: Physician Availability.
Does a particular physician have the ability to arrange a more timely appointment with the patient compared to others?

- If yes, assign to that physician.
- If no, proceed to Step 5.

Step 5: Alternating Assignment.
Is a particular physician at the top of the list for alternating patients care assignments?

- If yes, assign to that physician and record the assignment on the alternating assignment list, moving the next physician to the top.
<table>
<thead>
<tr>
<th>ACTION ITEM</th>
<th>Responsible Party</th>
<th>Timeline</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Licensing/Provider Numbers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>File application for state licensure (if necessary).</td>
<td></td>
<td>Immediate.</td>
<td></td>
</tr>
<tr>
<td>File application for Medicare provider number.</td>
<td></td>
<td>Allow 4-6 weeks processing time.</td>
<td></td>
</tr>
<tr>
<td>File application for Medicaid provider number.</td>
<td></td>
<td>Allow 2-4 weeks processing time.</td>
<td></td>
</tr>
<tr>
<td><strong>Managed Care Plans/Provider Panels</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact all plans and request addition of new physician to their panels.</td>
<td></td>
<td>Allow 4-12 weeks processing time.</td>
<td></td>
</tr>
<tr>
<td>Amend contracts as needed to add new physician.</td>
<td></td>
<td>Allow 4-12 weeks processing time.</td>
<td></td>
</tr>
<tr>
<td><strong>Professional Considerations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apply for necessary privileges at hospitals and outpatient surgery centers.</td>
<td></td>
<td>Allow 4-6 weeks processing time.</td>
<td></td>
</tr>
<tr>
<td>Apply for membership with various societies, i.e. AAO, ASCRS, local groups.</td>
<td></td>
<td>Allow 2-4 weeks processing time.</td>
<td></td>
</tr>
<tr>
<td>Subscribe to journals and publications, as per terms of employment agreement.</td>
<td></td>
<td>Allow 2-4 weeks processing time.</td>
<td></td>
</tr>
<tr>
<td><strong>Employee Benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete personnel forms, i.e. W-4 Form, I-9 Form, and other paperwork.</td>
<td></td>
<td>At time of hire.</td>
<td></td>
</tr>
<tr>
<td>Complete health, dental, life, and disability insurance application forms.</td>
<td></td>
<td>At time of hire.</td>
<td></td>
</tr>
<tr>
<td>Evaluate retirement plan eligibility issues and complete enrollment forms.</td>
<td></td>
<td>At time of hire.</td>
<td></td>
</tr>
<tr>
<td>Enroll doctor on malpractice policy and apply for nose coverage, if necessary.</td>
<td></td>
<td>At time of hire.</td>
<td></td>
</tr>
<tr>
<td>Enroll doctor on workers’ compensation policy.</td>
<td></td>
<td>At date of hire.</td>
<td></td>
</tr>
<tr>
<td><strong>Practice Operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assess equipment/furniture needs and place appropriate orders, i.e. computer, desk, file cabinets, office supplies, etc.</td>
<td></td>
<td>Order in time to be delivered and set-up 1 week prior to first day of work.</td>
<td></td>
</tr>
<tr>
<td>Set-up voice mail and E-mail accounts for new MD.</td>
<td></td>
<td>To be operational 1 week prior to first day of work.</td>
<td></td>
</tr>
<tr>
<td>Install office telephone.</td>
<td></td>
<td>To be operational 1 week prior to first day of work.</td>
<td></td>
</tr>
<tr>
<td>Obtain cell phone and set-up account.</td>
<td>To be operational 1 week prior to first day of work.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Order business cards and revise stationery and other forms to include new MD.</td>
<td>To be received prior to first day of work.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revise practice website and insert biography/intro.</td>
<td>No less than 3 months prior to first day of work.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Update messages on hold to include new MD and revise answering protocols.</td>
<td>No less than 3 months prior to first day of work.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Clinic Operations**

| Revise scheduling template to add new MD. | No less than 3 months prior to first day of work. |
| Meet with staff to discuss technical support needs. | At 3 months prior and as needed thereafter for review of progress. |
| Equip exam lanes with any special equipment needed. | To be operational 1 week prior to first day of work. |
| Review triage guidelines and modify, as needed. Educate staff accordingly. | At 3 months prior and as needed thereafter for review of progress. |
| Establish protocols for regular communication with the new MD: Schedule new physician for regular meetings with other doctors and practice administrator. | Ongoing. |
| Modify call schedule to include new MD. | Determine effective date. |
| Update practice management software to include new MD. | No less than 3 months prior to first day of work. |

**Professional Relations**

| Send announcements to the following: patients, referring MDs and ODs, VIPs, hospitals/ASCs, labs and pharmacies, and newspapers. | At 2 to 4 weeks prior to first day of work. |
| Schedule open house and/or set up meetings with key referring physicians and other individuals. | Following first week of work. |
| Feature new physician in practice newsletter and website. | No less than 3 months prior to first day of work. |

**Advertising**

| Update telephone listings to include new MD. | Update with next printing of phone books. |
| Change signage on office to include new MD. | To be installed first day of work. |
| Update brochures, other media, videos, radio, and TV ads to include new MD. | To be ready for circulation first day of work. |