

# COVID-19 and Physician Compensation: Part 2 – How Will You Respond?

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Physician compensation plans have generally been designed to meet specific health system objectives including:

- Optimizing recruitment and retention
- Aligning physician financial incentives with organization goals around quality, productivity, citizenship
- Promoting consistency and equity among physicians



Most compensation models reflect expectations with respect to production, quality, and time worked, and target expected compensation levels of compensation based on these measures.

No compensation model anticipated the disruption to care, utilization, and operations caused by COVID-19. Along with the disruption to care comes a disruption to compensation. The questions are coming:

- "I'm a gastroenterologist with a base compensation paid for the first 8,000 WRVUs and opportunity for a production incentive above that. I usually achieve 12,000 WRVUs, but this year I won't earn any incentive. What can you do for me?"
- "I'm a urologist working in a group of 4 urologists; why was I furloughed while my colleagues continue to work? It's not fair. Will I get any back pay when this is over?"
- "I'm a gastroenterologist and my volume is down 85 percent. I get paid on a straight per WRVU basis with no base compensation, while my colleagues have guaranteed base compensation. It's not reasonable."
- "I'm a general surgeon and clearly my compensation plan didn't contemplate this. Will you be changing my model next period? Will you lower my base compensation? Will you reset my target WRVUs?"



- “I’m an internal medicine physician who was forced to use my paid time off during the COVID19 pandemic while my practice’s volume was down 60 percent. Will you give that time back to me when volume picks back up?”

Are you ready to respond to requests for more compensation when not contemplated by the underlying employment agreement, requests to ignore missed production targets and base compensation resets at low volume, causing physicians to earn well below historical levels?

The answer lies in the health system’s compensation philosophy, its culture, and its financial resources. Organizations should have a comprehensive and thoughtful approach to a variety of questions and issues:

- What is fair in each situation? Can we even consider fairness when there is a documented agreement?
- Will we act to address only the issues of 2020 or will we restructure compensation to minimize disruption during the next disruptive event?
- Will we act on any triggers within existing agreements, such as those that adjust base compensation, thresholds, or termination, FTE level?
- How will we reconcile our approach to physician compensation with similar choices we need to make for non-physician employees who may be facing similar compensation challenges, and whose incomes are more modest?
- How do we balance all of this with the financial challenges of the health system – realities causing us to assess our options not only for physicians, but throughout the physician enterprise and the broader health system?

These questions need thinking through, and the time to do so is limited. The process should include stakeholders from the physician enterprise, finance, legal, and leadership. The time to start is now.

The answers and approach should be informed by quantitative analysis, defining the impact on each physician and the physician enterprise in its entirety. That work, too, will be detailed and complex, and will require agreement on assumptions about the impact of COVID-19 on the productivity of each physician and the duration of that impact. This work must also start now. ●