



# Formulaic Compensation Models for Midlevels

Michael R. Gagnon, MBA  
Duke University Orthopaedics  
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# Disclosures

- J&J
- Breg
- GE Healthcare
- TAVHealth

Bring financial accountability and  
world peace to your Department with  
this easy to implement plan....

# Pain Points

- Non-competitive institutional base salaries
- Turnover
- Low clinical production (and high cost exposure)
- Arguments with faculty (need and timing for hire)
- Reconciling deficits for midlevels?

# Initial Thoughts

- Integrate midlevel finances with faculty pay (upside and downside)
- Must be formulaic, transparent, and predictable...and incorporates associated expenses (ie ultrasound, clinic space, billing and collection overheads, staff)
- Establish a midlevel production bonus for all receipts generated by midlevel
- Establish a “second layer” midlevel bonus for those who surpass break-even
- Need to account for the “have nots” in Trauma and Pediatrics
- Meet with a cross section of midlevels to examine the basic principles above and to tweak/get buy-in to plan
- Model the final plan using prior year statistics and send to the faculty member and the employed midlevel AT THE BEGINNING OF THE FISCAL YEAR.

# Organizing the right data

2016 Receipts	PA	FY 16 Base Salary	5% of receipts Bonus (using 5% of FY 16 Receipts)	Salary & Bonus (excluding production incentive listed in bullet 2 at bottom)	Fringe Benefits (25.6% of sal and bonus)	Salary & Fringe	Ultrasound leases	Lease assignment per faculty directive	Total Expense	R
\$33,419	1	\$95,941	\$11,491	\$107,432	\$27,932	\$135,364			\$135,364	
\$275,325	2	\$95,690	\$13,766	\$109,456	\$28,459	\$137,915	\$10,536	100% PA	\$148,451	
\$200,521	3	\$121,809	\$10,026	\$131,835	\$34,277	\$166,112			\$166,112	
\$208,530	4	\$129,127	\$10,427	\$139,554	\$36,284	\$175,837			\$175,837	
\$107,382	5	\$105,970	\$5,369	\$111,339	\$28,948	\$140,287		100% MD	\$140,287	
\$160,192	6	\$88,000	\$8,010	\$96,010	\$24,962	\$120,972			\$120,972	
\$239,263	7	\$97,477	\$11,963	\$109,440	\$28,454	\$137,895			\$137,895	
\$319,825	8	\$106,564	\$15,991	\$122,555	\$31,864	\$154,420			\$154,420	
\$240,117	9	\$114,487	\$12,006	\$126,493	\$32,888	\$159,381		split among F&A faculty 25% each	\$159,381	
\$268,512	10	\$120,199	\$13,426	\$133,625	\$34,742	\$168,367			\$168,367	
\$344,000	14	\$109,035	\$17,200	\$126,235	\$32,821	\$159,056		split among F&A faculty 25% each	\$159,056	
\$217,990	15	\$113,890	\$10,900	\$124,790	\$32,445	\$157,235			\$157,235	
\$345,203	16	\$117,719	\$17,260	\$134,979	\$35,095	\$170,074	\$2,280	25% to PA, 50% to Ray, 25% to Taylor	\$172,354	
\$281,621	17	\$96,648	\$14,081	\$110,729	\$28,790	\$139,519			\$139,519	
\$265,129	18	\$103,846	\$13,256	\$117,102	\$30,447	\$147,549	\$7,656	100% PA	\$155,205	
\$286,927	19	\$105,477	\$14,346	\$119,823	\$31,154	\$150,977			\$150,977	
\$287,061	20	\$141,504	\$14,353	\$155,857	\$40,523	\$196,380			\$196,380	
\$323,591	21	\$140,969	\$16,180	\$157,149	\$40,859	\$198,007			\$198,007	
\$364,075	22	\$115,318	\$18,204	\$133,522	\$34,716	\$168,237			\$168,237	
<b>\$4,768,683</b>		<b>\$2,119,670</b>	<b>\$248,254</b>	<b>\$2,367,924</b>	<b>\$615,660</b>	<b>\$2,983,584</b>			<b>\$3,004,056</b>	

# Accounting for overheads

*Establish the “break-even” for each*

PA	Total Expense	Break-even Target Receipts based on your PA's specific expenses (based on 25% PDC O/H and 6.3% Bldg Fund )
1	\$135,364	\$197,037
2	\$148,451	\$216,086
3	\$166,112	\$241,794
4	\$175,837	\$255,950
5	\$140,287	\$204,203
6	\$120,972	\$176,087
7	\$137,895	\$200,720
8	\$154,420	\$224,774
9	\$159,381	\$231,996
10	\$168,367	\$245,076
14	\$159,056	\$231,523
15	\$157,235	\$228,872
16	\$172,354	\$250,879
17	\$139,519	\$203,084
18	\$155,205	\$225,917
19	\$150,977	\$219,763
20	\$196,380	\$285,851
21	\$198,007	\$288,220
22	\$168,237	\$244,887
	\$3,004,056	\$4,372,717

# Pay Impact for Midlevel & Faculty

15% Incentive bonus for receipts above individual break-even						
Total Expense	Break-even Target Receipts based on your PA's specific expenses (based on 25% PDC O/H and 6.3% Bldg Fund )	Over/(Under) Break-even	Added Production Bonus for PA/NP	TOTAL Production Bonus for PA/NP (5% + Production Incentive)	Added Production Bonus for Faculty	Grand total PA/NP pay
\$135,364	\$197,037	N/A		\$11,491		\$107,432
\$148,451	\$216,086	\$59,239	\$8,886	\$22,652	\$8,886	\$118,342
\$166,112	\$241,794	(\$41,273)		\$10,026	(\$28,354)	\$131,835
\$175,837	\$255,950	(\$47,420)		\$10,427	(\$32,577)	\$139,554
\$140,287	\$204,203	(\$96,821)		\$5,369	(\$66,516)	\$111,339
\$120,972	\$176,087	(\$15,895)		\$8,010	(\$10,920)	\$96,010
\$137,895	\$200,720	\$38,543	\$5,781	\$17,745	\$5,781	\$115,222
\$154,420	\$224,774	\$95,051	\$14,258	\$30,249	\$14,258	\$136,813
\$159,381	\$231,996	\$8,121	\$1,218	\$13,224	\$1,218	\$127,711
\$168,367	\$245,076	\$23,436	\$3,515	\$16,941	\$3,515	\$137,140
\$159,056	\$231,523	\$112,477	\$16,872	\$34,072	\$16,872	\$143,107
\$157,235	\$228,872	(\$10,882)		\$10,900	(\$7,476)	\$124,790
\$172,354	\$250,879	\$94,324	\$14,149	\$31,409	\$14,149	\$149,128
\$139,519	\$203,084	\$78,537	\$11,781	\$25,862	\$11,781	\$122,510
\$155,205	\$225,917	\$39,212	\$5,882	\$19,138	\$5,882	\$122,984
\$150,977	\$219,763	\$67,164	\$10,075	\$24,421	\$10,075	\$129,898
\$196,380	\$285,851	\$1,210	\$181	\$14,534	\$181	\$156,038
\$198,007	\$288,220	\$35,371	\$5,306	\$21,485	\$5,306	\$162,454
\$168,237	\$244,887	\$119,188	\$17,878	\$36,082	\$17,878	\$151,400
\$3,004,056	\$4,372,717		\$101,114	\$352,544	\$93,638	



# Parting Thoughts

- You MUST have a midlevel compensation plan that includes a production bonus and which ties the midlevel to the faculty member(s)
- No longer argue with faculty about hiring decisions
- Midlevel receipts jumped from \$2.5M to almost \$4.0M in 12 months
- Midlevel pay and retention is strongest it has ever been
- Now midlevels are delivering the majority of our “same day-next day” service promise for clinic visits (good and bad)
- This has significantly improved the Department financial position
- Base pay is not something that is talked about as much anymore

Thank you!

Questions?

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