

Essential Components of the Chair Package in 2018

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Disclosure

- I receive royalties from Exactech for design of a shoulder arthroplasty system
- I serve on the Boards/Advisory Boards of Musculoskeletal Transplant Foundation, J3 Personica, Apostherapy and Joint Innovation Technology
- I receive royalties from multiple publishers for textbooks: Wolters-Kluwer, Thieme, Slack

Perspectives for this Presentation

#1: Evaluating a Chair position that you are considering and ultimately offered – essential components for success

#2: Components for success in your current chair position in a changing healthcare environment

There is a saying.....

- If you have seen one faculty practice plan then you have seen one faculty practice plan
- If you have seen one Department of Orthopedic Surgery then you have seen one Department of Orthopedic Surgery
- If you have seen one integrated academic medical center then you have seen one integrated academic medical center
- And so on and so on.....

The Chair Search

- Every situation is unique and different but there are some basic principles that apply across medical schools/ hospitals/health care systems
- First step: obtaining necessary information

Important Information Needed

- What is the structure of the organization?
 - Integrated Medical School and Hospital?
 - Separate entities?
 - Who do you report to?
 - Who decides the resources available to the department?
 - Where do the resources come from?
 - These are critically important areas to understand

Important Information Needed

- What is the role/position of the Department of Orthopaedic Surgery in the organization?
 - Is there a hierarchy amongst the surgical departments?
 - Is orthopedic surgery valued – clinically, financially, educationally, academically?
 - What are the perceived weaknesses of the department that need to be changed?
 - What was the financial position of the department in all areas?
 - Are financial resources accrued from year to year?

Important Information Needed

- What is the structure of the faculty?
 - Entirely full-time/employed?
 - Role of voluntary faculty?
 - Role/compensation of faculty within the hospital “system”
 - Very important to understand all faculty within the “system”
 - Reporting relationships for faculty within the system
 - City/ County hospitals, VA hospitals?
 - Is the Chair the/a decision-maker in the recruitment of all orthopaedic surgeons?

Important Information Needed

- What is the structure of the faculty compensation plan?
(If you have seen on faculty practice plan then you've seen one faculty practice plan)
 - How are faculty salaries determined?
 - Is salary based only on professional fees for services provided?
 - Is there an incentive/bonus plan-details?
 - Does the faculty practice plan benefit from indirect revenue sources?
(ancillaries, OR revenues)

The Next Steps

- Search Committee makes their recommendations and you are the candidate/one of the candidates recommended
- You are offered the position
- Now the negotiations begin.....

Key Question: Is this a position that will allow you to be a successful Chair with a high level of probability?

Negotiations: The Package

- General approach
 - know what is needed to be successful in achieving the goals you have established for the department
 - decide on a reasonable timeline to achieve your Phase 1 goals (relates to duration of agreement)
 - determine your personal needs – salary, relocation, amenities

Negotiations: The Package

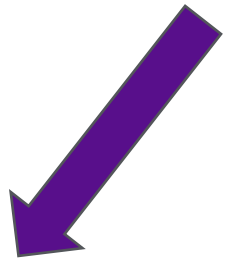
- Personal
 - duration of agreement-minimum 5 years and prefer 7
 - salary guaranteed and consistent with other surgical chairs (990s) and geography
 - additional “perks” – tuition reimb, pension, benefits, parking, athletic tickets
 - incentive plan based upon achieving goals
 - your role in the medical school/medical center/ health system

JDZ and NYULMC Chair

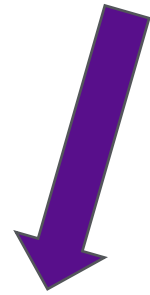
- Dean offers me the position at 10 am on Thursday
August 14, 1997
- At 10:05 am on August 14, 1997 I accepted the position
- August 31, 1997 Dean retires
- I “negotiate” with Interim Dean

“Do as I say not as I did.....”

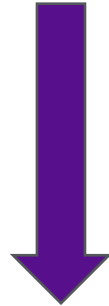
Negotiations: The Package Department



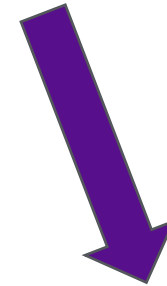
Personnel



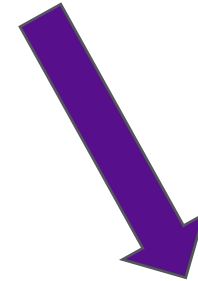
Clinical
facilities



Research
facilities



Financial
structure



Development

Personnel

- Faculty recruitments: salary lines, support staff
- Administrative staff: synergy not replacement
- Research faculty: start-up packages(3 year), post-docs
- Trainees: resident complement-support for increase
fellowship positions: initial and future
- Marketing/Public relations: designated support

Clinical Facilities

- Facilities must be conducive to building a clinical enterprise
 - outpatient care
 - ambulatory surgery
 - inpatient facilities
- Location, location, location
- Ideal: facilities designated and committed to musculoskeletal care

Research Facilities

- Clinical and basic science
- Laboratory facilities: required to recruit basic scientists
 - how are “indirects” utilized: department access?
 - expectation of \$/square foot (dollar density)
 - joint appointments with basic science departments
- Clinical research: personnel support > space
 - institutional database
 - access to institutional resources: biostats, bioinformatics, research depository

Financial Structure

- Key principles
 1. Department cannot exist solely on professional fees for clinical work performed
 2. Understand funds flow from medical school/hospital and obtain commitment duration of agreement (5-7 years)
 3. Understand specific plans after start-up package:
cliff (NO) vs. slope (YES) vs. plateau (BETTER)

Development

- Very important area: “money is money”
- Understand department’s track record of philanthropy
- Success of Development Office
- Who is designated to work with the Department of Orthopedic Surgery; need dedicated/designated staff
- Philanthropy can have a major impact on your success (or lack of)

Key Element: Money/Funds/Financial Resources

Make no mistake

.....it is all about the money

Profits for hospitals/ health care systems

1. Orthopedic Surgery/musculoskeletal
2. Cardiovascular
3. Cancer
4. Neurosurgery
5. Other clinical areas ?

Revenue Generated by Orthopedic Surgery

- Professional fees: ++
- Inpatient/ambulatory surgery fees: +++++
- Imaging: +
- PT/OT: +
- Inpatient rehabilitation: ++
- Other: +

Faculty Group Practice/ Physician Compensation Structure

- Finances cannot rely solely on professional fees: losing proposition
 - practice expenses increase faster than professional fees
(which may actually decrease)
 - impossible to sustain salaries without other sources of revenue
- Challenge/goal is to identify continuing sources of revenue

Potential Sources of Revenue

- Funds flow from hospital that reflects revenue and contribution margin (more important) generated by orthopedic surgery
 - share in the revenue from what we do
- Value-based management: hospital becomes our partner – GAINSHARING
 - reduce costs and share in the benefits
 - opportunities: implants
 - bundled payments
 - variable direct costs
 - LOS
 - pathways

Potential Sources of Revenue

- DME
- Co-management of ambulatory surgery facility; inpatient units
- Dedicated orthopedic facility in which all ancillaries generated are attributed to orthopedic surgery (expenses also)
- Combined hospital/physician partnership in Ambulatory Surgery Center
- Be creative

Orthopedic Department Chair in 2018



Clinician



Educator



Academician



Financial
analyst



Psychologist-EI

Lessons from the other Dr. Zuckerman (JRZ,Ph.D.)

- Don't underestimate the impact of what you say and how you say it
- How you say something is not necessarily how it is heard
- It is better to get along than be right
- It is important to listen and listen well – this is critical for interpersonal relationships
- Understanding and validating one's feelings and viewpoint is important-it is not the same as agreeing

Bottom Line

- Negotiate for the resources that provide you with the best probability of success
- If commitment and resources are not there when you start unlikely to materialize later
- Continue to identify gainsharing opportunities
- Establish hospital/health system as a partner

Be prepared to work very hard and to be involved in all facets of the department in order to be successful