Contract Negotiation:
Negotiating Your First Position Post Residency or Fellowship

Robert A. Harrington MD, MACC, FAHA, FESC
Arthur L. Bloomfield Professor of Medicine
Chair, Department of Medicine
Stanford University
• I have spent my entire professional career working in academic positions. Most of my presentation will be centered around academic positions. But issues related to clinical care positions have some generalizability.

• I am an interventional cardiologist and some of my examples are drawn from cardiology research and practice. Most of these are relevant to other specialties.

• Thanks to Drs. Rick Kraemer, Stephanie Harman and Sang Chang for help with this presentation.
Presentation Outline

• Background for context
• Mega-trends in American medicine (how this may/will impact your future)
• Organization of Academic Health Systems and departments (appreciate the complexities for negotiation)
• Types of positions
• What’s in a job/position offer
• Key issues for success
• General advice on negotiating
• Questions
An Introduction

• Grew up Somerville, MA (Winter Hill)
• BA, English, College of the Holy Cross (Worcester, MA)
• Dartmouth Medical School (Pre-clinical)
• MD, Tufts University School of Medicine
• Residency, UMass Med Ctr (Worcester, MA)
• Fellow, Duke University Med Ctr (Durham, NC)
  – Interventional cardiology
  – Duke Databank for CV Disease
• Faculty, Duke University 1993-2012
  – Attending cardiologist, interventional lab and CCU
  – Director, Duke Clinical Research Institute, 2006-12
• Faculty, Stanford University, 2012-present
  – Chairman, Department of Medicine
Negotiating the First Contract: Big Societal Issues and Themes

• Ongoing consolidation of health care delivery systems, including growing academic health systems

• Quality and accountability as key components of health care reform
  – Increasingly care delivery will be in ACOs driven by quality and value
  – Evolving models of physician compensation trying to balance productivity incentives w quality and value
  – Population health models of care

• NIH funding stagnant for more than a decade w pay lines routinely 10% or less across most NIH institutes
The Leading Edge

How 10 leading health systems pay their doctors

Dhruv Khullar a,*, Robert Kocher b, Patrick Conway c, Rahul Rajkumar c

a Massachusetts General Hospital, United States
b Venrock Partners, United States
c Centers for Medicare & Medicaid Services, United States

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ABSTRACT

We conducted interviews with senior executives at 10 leading health systems to better understand how organizations use performance-based compensation. Of the organizations interviewed, five pay physicians using productivity-independent salaries, and five use productivity-adjusted salaries. Performance-based pay is more prevalent in primary care than in subspecialties, and the most consistently identified performance domains are quality, service, productivity, and citizenship. Most organizations have less than 10% of total compensation at risk, with payments distributed across three to five domains, each containing several metrics. Approaches with many metrics—and little at-risk compensation for each metric—may offer weak incentive to achieve any particular goal.

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Doubling and Recipient Age

(d) Average age of first-time R01 recipients

Average age (years)


Doubling period

Larson RC et al. Serv Sci 2012;4:382-95
Academic Health Science Systems

Schematic of AHSS as a Vertically Integrated Care Delivery System

AHSS
Health System, Medical and Allied Health Schools, Research Programs, etc.

- Ambulatory
  - Specialty Clinics
    - Ambulatory Surgery
    - Specialty Diagnostics
  - Primary Care Clinics
  - Community-Based Care
    - Home Health
    - Urgent Care

- Inpatient
  - University/Tertiary Care Hospitals
  - Community Hospitals
  - Post-Acute + Long-Term Care
    - Rehabilitation
    - Skilled Nursing

Community Partnerships

Patients and Self Care

-Dzau V et al, Lancet, 2010
Departments, Divisions and Centers in the Evolution of Medical Schools

DIVISIONS

- Cancer
- Cardiovasc.
- GI
- Musc. skel.
- Pulmonary

DEPARTMENTS

- Med
- Surg
- Peds
- Pathol
- Radiol

1955
Departments, Divisions and Centers in the Evolution of Medical Schools

1965

Cancer
Cardiovasc.
GI
Musc. skel.
Pulmonary

Affinity Group

DIVISIONS

DEPARTMENTS

Med Surg Peds Pathol Radiol
Departments, Divisions and Centers in the Evolution of Medical Schools

- Cancer
- Cardiovasc.
- GI
- Musc. skel.
- Pulmonary

1990

Center

Affinity Group

Med  Surg  Peds  Pathol  Radiol

DEPARTMENTS
Departments, Divisions and Centers in the Evolution of Medical Schools
Department Leadership

Changing leadership structure to reflect and adapt to needs of department

Paul Heidenreich, MD  
Vice Chair, Clinical Quality-Analytics

Andrew Hoffman, MD  
Vice Chair, Academic Affairs

Kenneth Mahaffey, MD  
Vice Chair, Clinical Research

Abraham Verghese, MD, MACP  
Vice Chair, Education

Ann Weinacker, MD  
Vice Chair, Clinical Quality-Implementation

Sumbul Ahmad Desai, MD  
Vice Chair, Strategy and Innovation

Mary Goldstein, MD  
Vice Chair, Veteran Affairs

Calvin Kuo, MD  
Vice Chair, Basic Science Research

Cathy Garzio  
Vice Chair, Director of Finance and Administration

Julie J. White  
Associate DFA

Errol Ozdalga, MD  
Director of Communications
DOM Division Chiefs

Robert Negrin  
Blood & Marrow Transplantation

Mark Musen  
Biomedical Informatics

Thomas Quertermous  
Cardiovascular Medicine

Alan Yeung  
Cardiovascular Medicine

Fredric Kraemer  
Endo/Geron/Metab

W. Ray Kim  
Gastroenterology & Hepatology

Sang-ick Chang  
General Medical Disciplines

Linda Boxer  
Hematology
DOM Division Chiefs

Cornelia Weyand
Immunology & Rheumatology

Upinder Singh
Infectious Diseases

Glenn M. Chertow
Nephrology

George W. Sledge Jr.
Oncology

Neera Ahuja
Hospital Medicine

Douglas Owens
Primary Care & Outcomes Research

Mark Nicolls
Pulmonary & Critical Care Medicine

John P.A. Ioannidis
Stanford Prevention Research Center
Types of Academic Cardiologist

- **Clinician-scientist**
  - Direct patient care and research as principal investigator
- **Scientist-researcher**
  - Nearly 100% effort to research
- **Clinician-educator**
  - Significant amount of time to educational activities
- **Clinician-educator-administrator**
  - Administrative duties in addition to the role of clinician-educator
- **Pure clinician**
  - Primary role is providing direct patient care
What is Negotiable?

- Potentially Everything!!
- Rank, Title, Salary, Space, Support Staff, Clinic Time, % “protected” time, Duration of appointment, Time for faculty development/continuing education, Responsibilities
Physician Scientist

- Title/appointment
  - Dual appointments
- Salary/compensation
- Lab space (office)
  - Size, renovations
- Start-up package
  - Money, equipment, computers, other support staff
- Clinical/teaching load (protected time)
- Administrative support
- Start date
- Housing
- Moving expenses
- Spousal opportunities
Clinical Investigator

- Title/appointment
- Salary/compensation
- Effort allocation – research vs clinical
- Office space
- Administrative support
- Clinical support
- Start-up package
- Access to infrastructure
  - CTSA/GCRC
  - Hospital support
  - Pricing
  - Statistical support
- Start date
- Housing
- Moving expenses
- Spousal opportunities
Clinician Educator

- Title/appointment
- Salary/compensation
- Effort allocation – clinical vs teaching
- Office space
- Clinical support
- Administrative support
- Start date
- Housing
- Moving expenses
- Spousal opportunities
- Faculty development/continuing education
Private Practice

- Salary/compensation/benefits/malpractice insurance
- Partnership
- Terms and termination
- Academic clinical appointments
- Schedule and call
- Restrictive covenants
- Office space
- Clinical support
- Administrative support
- Start date
- Moving expenses
- Spousal opportunities
- Professional development/continuing education
Key Variables for Academic Success: New Physician Investigator

• Mentorship, mentorship, mentorship...
• Resources: time and start-up funds
• Didactic training
  – communication skills
  – research methods
  – regulatory requirements
  – understanding industry issues (RWI)
• Supportive culture (environment of research)
• Personal characteristics
  – curious, focus, patience, perseverance, humor, humility
Identifying Mentors: Issues to Consider

- Career role model
- Content expertise
- Methodological expertise
- Track record producing independent researchers
- Interest in and time for mentoring; personal style
- Team mentoring
- Mentors inside and outside home institution
Suggestions for Effective Negotiation

- Prepare for the negotiation process
  - Examine your priorities and their importance
  - Objectively determine your leverage
  - Obtain information on what resources are negotiable
- Understand the negotiation process
  - Assess your style
  - Understand the style of the person with whom you are negotiating
  - Think of likely responses
- View negotiation as an ongoing process
  - Establish rapport
  - End each session politely and comfortably
Steps to an Effective Negotiation

Outcome

- Ask for what you want
- Identify obstacles. Prepare your responses; don’t be caught off-guard in the middle of negotiation.
- Do your homework. Use salary surveys and the internet.
- Define the best possible alternative. Know your boss’s best possible alternative too.
- Don’t wait until you are desperate.
- Establish a target or goal (or several).
- Keep calm
- Win-win
- Bounce back. If you can’t meet my request, how close can you come?
Objective

• To create a DOM salary scale and process that achieves the following:
  – Uses market data
  – Recognizes rank
  – Considers years in rank
  – Raise at promotion
  – Is an equitable, fair model
  – Simplifies the administrative process
Methodology

1. For each specialty we created steps 1 – 7 within each rank.
2. Using the AAMC top 30 schools 50th percentile benchmark, we plotted Assistant 1 and Professor 1 values.

3. We set a floor of $170K at Assistant 1 (for clinical specialties), $230K at Professor 1.

4. We set a ceiling of $220K at Assistant 1, $280K at Professor 1.
Methodology

5. We created a scale using this formula:
   \[(\text{Professor } 1 - \text{Assistant } 1 / \# \text{ of steps remaining}) + \text{Assistant } 1 = \text{Assistant } 2\]

6. We inserted a 5% raise at promotion.
Methodology

7. Professor ranks were escalated by 1% each year thereafter, up to Professor 7.
Plot by Specialty

- Allergy/Immunology-Med.
- Cardiology: Invasive Interventional-Med.
- Cardiology: Invasive Non-interventional-Med.
- Cardiology: Non-invasive-Med.
- Endocrinology-Med.
- Family Medicine
- General Internal Medicine
- Hematology/Oncology-Med.
- Infectious Disease-Med.
- Pulmonary-Med.
- Total Basic Sciences
- Hospital Medicine - Nocturnists
- Cardiology: Invasive Interventional-Med.
- Cardiology: Non-invasive-Med.
- Endocrinology-Med.
- Gastroenterology-Med.
- Geriatrics-Med.
- Hospital Medicine
- Nephrology-Med.
- Rheumatology-Med.
- Basic Science - Prime

Stanford Medicine
Department of Medicine
“For the last time, it’s called a ‘win-win’ contract. Nobody gets whacked.”
“Here. We promised you a big lab.”