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2009 Medical Director Survey A Summary of Results

Presented by Integrated Healthcare Strategies
as Authored by Aurora Young

Medical directors today serve an important management role in just about every hospital in the country. Traditionally, it was not unusual for physicians to volunteer their time to hospitals to fulfill their medical director duties; however, as the duties and the required work hours have increased, physicians are now demanding that hospitals provide them with reasonable compensation for their work effort. Not only do hospitals need to provide a competitive level of pay to attract qualified physicians to medical director roles, they must also ensure that the payments to physicians for these services comply with regulatory guidelines.

It was with this in mind that Integrated Healthcare Strategies developed our Medical Director Survey aimed at helping organizations with the administration of their medical director compensation programs. We recently published the results of our seventh annual Medical Director Survey which represents the most comprehensive resource available on compensation for physicians who provide administrative-related services to hospitals. The 2009 report has data from over 160 organizations, over 2,600 individual medical directors, and 66 different medical director positions.

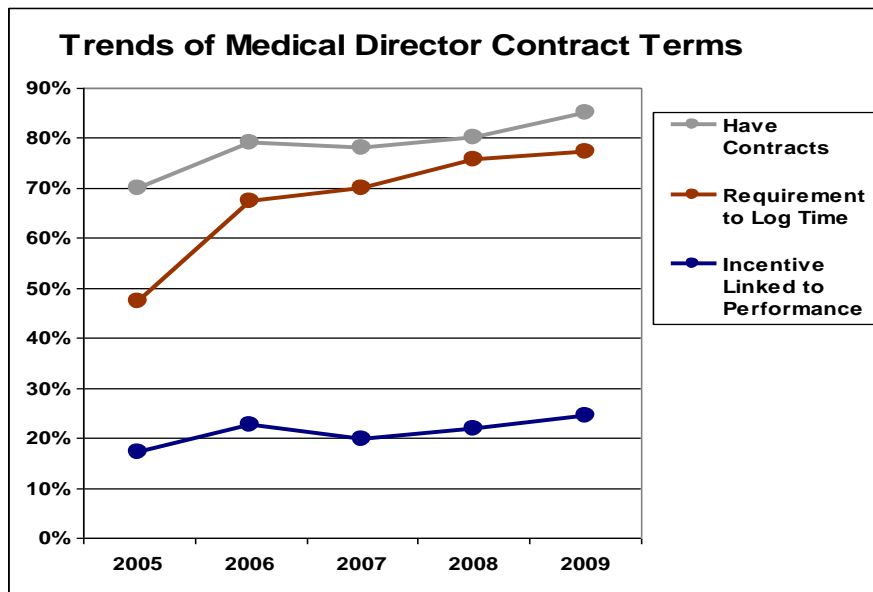
The information reported not only provides detailed compensation data by medical director position, but also examines the administrative aspects including methods of compensation, how organizations approach an employed versus independent contractor, contract administration and terms.

Given the enhanced regulatory scrutiny involving physician compensation, it is our opinion that every medical director should have a contract to be in compliance with current regulatory standards. According to our 2009 survey, the vast majority of hospitals today do have contracts with their medical directors. The following table from the 2009 survey summarizes the reported data with regard to medical director contracts.

Survey Question	n=	Yes	No
Do all medical directors have contracts?	108	85.2%	14.8%
		1 Year	2 Years
If yes, term of contracts (could be more than one response)	57.1%	35.2%	42.9%
		3+ Years	
Survey Question	n=	Yes	No
Does the medical director contract specify:			
Position qualifications	98	88.8%	11.2%
Job duties and responsibilities	98	98.0%	2.0%
Number of required hours	95	91.6%	8.4%
If independent contractor or employee	98	95.9%	4.1%
Requirement for physicians to log their time:	97	77.3%	22.7%
If yes, does the organization audit time logs?	75	73.3%	26.7%
An incentive provision linked to performance	94	24.5%	75.5%
Annual review of performance	87	67.8%	32.2%
Annual review of documentation of time	82	56.1%	43.9%
Position is benefit-eligible (in addition to pay)	101	35.6%	64.4%

In addition to a steady increase over the last five years in use of medical director contracts, we have also seen a more significant increase in the use of time reporting provisions, up from just under 50% in 2005 to almost 80% in 2009. These logs require the medical director to submit regular time reports documenting their administrative efforts. Today, time logs are widely considered a best practice because without such a report, an organization will have a very difficult time proving that the payment for administrative services was justified. We have seen many instances where hospitals get into trouble with their medical directorship compensation for failing to appropriately document the time and services associated with the administrative payment.

An area of medical director compensation that we believe will become more prevalent in the upcoming years is the use of incentive plans in an effort to link pay to performance. Currently, only about 25% of organizations have an incentive provision linked to performance, but an increasing number of organizations have noted that they are considering implementing this type of plan. This is not surprising as we see organizations spending more money on medical director arrangements; putting some pay at risk through an incentive plan is one way to ensure that medical directors focus on performance criteria that helps organizations achieve their goals.



For more information on the Integrated Healthcare Strategies 2009 Medical Director Survey including a sample position page, job list, as well as information on how to order the survey, please visit us [online](#).

About Integrated Healthcare Strategies

Integrated Healthcare Strategies is a leading human capital consulting firm offering a complete array of consulting services through its five practice groups that exclusively serve the health care industry. The Physician Services practice of Integrated Healthcare Strategies helps create successful relationships between not-for-profit healthcare organizations and their employed and affiliated physicians by providing unique consulting services that focus on physician total compensation plan designs, assessment of reasonable compensation (including Personal Service Agreements), Fair Market Value Assessments, and organizational structure and physician leadership development.

About the Author

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