

How to Keep Physicians Happy Without Breaking Your Budget

Article By:

Michael Brian Taylor

Budgeting remains a critical issue as more hospitals and medical groups merge or become acquired in 2023. Budgeting questions commonly require a comprehensive review of physician compensation agreements.

Ideally, these agreements should be easy to understand. After all, doctors are generally paid by how many wRVUs (or relative work units) they produce. A wRVU is calculated by multiplying the Medicare CPT code assigned to a particular procedure by the number of such procedures to be performed in a specific period. Under one common compensation arrangement, the employer sets a production goal where doctors must generate a certain number of wRVUs each year, which are measured through transaction reports. If a physician exceeds the annual threshold, the employer commonly awards a bonus; who doesn't like bonuses?

Unfortunately, not every contract is so simple, and unaddressed confusion may lead to strained business relationships and even legal action. Doctors who feel slighted or unappreciated may look for other places to work. Others may believe that they are discriminated against and may seek legal remedies. These issues can largely be avoided by having detailed conversations about compensation and productivity expectations. Here are three ways providers can avoid misunderstandings.

Be clear about how wRVUs are credited – As noted; physicians are commonly evaluated by wRVUs produced. However, the agreement should be clear on whether productivity is measured on CPT codes submitted or codes actually paid. This can make a significant difference because billing delays and reimbursement challenges could lead to inaccurate reflections of productivity. The same could be said if charts are only entered on certain days of the month or times of the year.

Be consistent with reports – Like any industry that relies upon performance metrics, transaction reports are critical in ensuring that physicians are performing to established standards and are compensated accordingly. The compensation agreement should specify when production reports will be provided and also articulate a procedure for challenging inaccuracies.

Promptly notify physicians of coding changes – Most physicians will personally assign the CPT codes for services performed. However, if a coding or documentation issue requires a change,

incorporate a prompt notification system. After all, coding directly impacts physician compensation, and discussing this sooner rather than later reduces the chances of additional pay issues.

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