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Residents in a Room
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VOICE OVER:

This is Residents in a room, an official podcast of the American Society of Anesthesiologists, where we go behind the scenes to explore the world from the point of view of anesthesiology residents.

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DR. MATTHEW HIDALGO:

All righty. Welcome to Residents in a Room, the podcast for residents. by residents. I'm Matthew Hidalgo, your host for this episode. Today, my fellow residents and I have invited Cindy Roehr, founder and CEO of Roehr Consulting, so we can ask her about practice management and finances. Ms. Roehr is a CPA and an independent practice management consultant. She managed a growing MD only practice and has expertise in contract negotiation, recruitment, and more. Welcome to the show, Ms. Roehr.

MS. CINDY ROEHR:

Thank you very much.

DR. HIDALGO:

Yes, we're really happy to have you. And just before we go into the questions, I just want you to meet my fellow residents. So please introduce yourselves.

DR. ANJAN SAHA:

Hi, everyone. My name is Anjan. I'm a CA1 currently and I'm at Columbia with Matt, actually. So it's good to be here.

DR. CHRISTIAN TILLEY:

Hi, everyone. My name is Christian Tilley, one of the CA3s from Weill Cornell Medicine, also in New York City. Thanks for having me today.

DR. JACK BULAT:

My name is Jack Bulat. I am also a CA3 with Christian at Weill Cornell. Thank you.

DR. HIDALGO:

We have a lot of representation from New York City today. It's awesome. So we're going to go right into the questions.

So, Ms. Rohr, I'm looking forward to hearing your advice, but I'm also interested in knowing what we should not do. Are there common pitfalls new physicians fall into traps we may not know to avoid?

MS. ROEHR:

One of the things I would tell you is to evaluate more than money when you're looking at your first jobs. You want to look at the lifestyle, the group governance and the culture, probably the hospital and ASC (ambulatory surgical center) viability and the relationships that they have with the organization. I think physicians underestimate the culture of the organizations and how much that will impact their lives and the quality of the surgeons, because the surgeons will control the outcomes of many of your cases. You probably do want to ask if there's any litigation or financial exposure in the group and if there's any opportunities for ancillary money such as ownership in ASCs and other investments and then other opportunities that might exist for bonuses or extra pay and just really understand their compensation scheme as well.

DR. CHRISTIAN TILLEY:

When it comes to practice finances, what exactly do we need to know right out of the gate? What are the essentials?

MS. ROEHR:

So I would tell you that the payer mix and the hospital support amounts are probably key. They can tell you how much, how independent the group is and how viable they

are. You also want to understand the overhead and the share, how it's shared and spread among physicians and the things that will impact your bonuses and partner track. Something that I don't think a lot of people are brave enough to ask is what the benefits are by the group and how each one either increases or reduces your paycheck. Sometimes when health insurance can cost you 2000 a month, people don't understand how much of that 2000 will reduce their paycheck each month. And then also how much is being contributed to your retirement plans.

DR. TILLEY:

Can you explain the differences between being an employee and a contractor? What exactly are the pros and cons of each?

MS. ROEHR:

This is complex, but it really is important. Being employed is an easier path. That way things are done for you. People have already taken care of making decisions on your health insurance, for example, or setting up your retirement plan. But it also is more constraining because you have to fit into that mold. So being a contractor has more flexibility, but there's more logistics and more effort that's required of it. Contracted personnel is responsible for their own payroll taxes, which means that you automatically will get a reduction of tens of thousands of dollars if you're a contractor. But the the flip side of that is that you have more flexibility on your retirement plan design, your health insurance options and things of that sort.

DR. JACK BULAT:

Ms. Roehr, can you talk about partner versus non partner tracks and what that might mean in terms of both short term and long term payout and obligations or expectations?

MS. ROEHR:

That's a really good question. There are very big differences between being a partner and a non-partner. The biggest is your involvement in the organization. If you're a partner, you're going to be expected to be involved. And what I mean by that is you're going to be asked to participate in committees and management and leadership. It means that you're going to be expected to help with problem positions or problem problems that show up in the organization and negotiations. There's also a financial exposure because you're being asked to take risk and reward, so you might get a lot more bonus out of being a partner, but you also are taking on the obligations or the risks of the partnership, although that can be limited depending upon how the organization is

set up. Unlike your high school job, when you're a partner, you don't get to just come to work and go home. You have to be involved. Whereas if you take a non-partner track that's really show up, do your job and go home type position typically.

DR. BULAT:

Gotcha. Makes sense. Now for someone like me who is going into pain medicine for a fellowship and might see some anesthesia moonlighting or contracting work in my future to supplement my income as I'm building my practice in pain medicine. What are the key questions to ask when evaluating short term versus long term contracting gigs?

MS. ROEHR:

One of the big things is your hours and your pay and the types of cases and the surgeons are going to be working with. Don't be afraid to ask about the surgical personalities because that can really impact your job satisfaction. One of the things that people tend to forget to ask is malpractice insurance. Who's covering that and who's paying for it and what type of coverage you're getting. If you're working in an ASC, you're probably working with healthier patients versus those in the hospital because ASCs typically limit the obesity and the co morbidities on patients that they take care of. You might ask about things like the assistance you'll receive in room setup, turnover or downtime, those types of pieces to the whole thing. And again, I would ask about the culture of the facility that you're going to be working in. As a gig worker, you probably want to know what the cancellation policy is for when they want you versus don't want you and whether you need to show up, what days you need to reserve and whether you get paid if they cancel you.

DR. ANJAN SAHA:

So during the course of interviews, are there personal finance questions that we should be asking and how do we assess financial solvency within the groups that we are going to be signing contracts with?

MS. ROEHR:

So again, the most telling item is how much hospital support the group is receiving and how that's changed because that will help you understand how self sufficient the group is. I would also ask how their incomes have trended and try and gain an understanding of their retirement and health insurance plans because the amount that's being contributed by the company versus a physician is also pretty telling.

DR. SAHA:

And so how does governance play into this decision making and what should we consider when it comes to the governance structures of different groups?

MS. ROEHR:

So I would tell you that governance is huge. You need to understand how decisions are made and how you are going to become a decision maker or influencer if you want that role. It can be very different for groups. You often can find out a lot by asking them how long their meetings go and how their votes are taken, because a marathon meeting would indicate that the group is non cohesive or that they have a lot on their plate that hasn't been resolved or isn't being resolved. Well run groups do know how to manage meetings, and I think that's an important thing to really understand.

DR. HIDALGO:

What does the way a group handles administrative costs say about the group and its priorities?

MS. ROEHR:

Compensation and cost structure is probably the key indicator of what's important to the group. It helps tell you the priorities for the practice. Is it shared equally? Is it allocated based on productivity? Is administrative time valued? And the other question to ask is what benefits do senior members get that are not available to new members or non partners?

DR. TILLEY:

And this road, to kind of piggyback on the last question, what kind of benefits should we expect?

MS. ROEHR:

Well, health and disability insurance are essential and a retirement plan. I think those are all very, very standard. But you want to see if the practice is going to help you maximize your retirement plan because your contribution can be up to 66,000 a year for somebody under age 55. And so you want to try and maximize that pretax amount and you can't get all the way there with a 401K. A 401K won't even get you 30,000. So it's important that the company helped contribute in order to get that maximized. Health

savings accounts and flex plans are also great to help you with your health insurance costs and CME allowances, cell phone reimbursements, things of that sort are also very nice. There are now a few practices that are offering to help with a limited student debt repayment program. That was something that was just made possible by a law passed a couple of years ago and it's good for a few more years. So that's something to keep an eye out for.

DR. TILLEY:

When it comes to practice finance questions, what resources should we turn to? Off the top of your head, can you name any trustworthy books, websites, podcasts, or even social accounts that might help us learn more about finance questions?

MS. ROEHR:

So the two things I would definitely point you toward is the ASA, because the ASA has great resources, including their ADVANCE conference that they do at the end of January of the year. If you've never gone, I would encourage you to attend that. MGMA (Medical Group Management Association) also has a number of resources to help you understand practice management as a whole. But the best thing you can do is just to get knee deep in your group and understand what they're doing and why they're doing what they do, and talk to the consultants and the staff that they utilize.

DR. BULET:

Ms. Roehr, when it comes to billing, what do I need to know for my group in order to effectively collect on services that I provide?

MS. ROEHR:

You need to know that documentation is everything. If you didn't document it, the insurance companies, the government says that it didn't happen. So whatever you do, you need to document that you've done it. If a claim is submitted without documentation, you are at tremendous risk. The penalties are huge. Secondly, I want you to know that HIPAA is really important and that HIPAA covers every scrap of paper and electronic data that has patient names and information on attached. You need to be very aware of this and really careful about what you leave out and about. You do not want to be the source of a breach, so take it seriously.

DR. SAHA:

And a natural extension to documentation and HIPAA, of course, is malpractice and liability. So I was wondering if you have any advice on how to account for these factors when making decisions about employment.

MS. ROEHR:

I would tell you that with malpractice insurance, more is better. Typically, getting the additional coverage is not that much more expensive than getting lesser insurance. And that's also a question you should be asking when you're joining a group, whether they're covering just the minimum, one three coverage, or whether it's really covering 510. Just to clarify, when I say one three, that means it's 1 million per occurrence, but 3 million for the year. And so it can be a real limitation with the large judgments that are out there. So I would tell you that more is better. And I don't think that shifting your assets to your spouse or children really will do much as far as protecting your personal assets. Insurance is the key.

DR. SAHA:

And what are your thoughts on resource investment in recruitment and the quality versus quantity balance that is always so difficult to strike?

MS. ROEHR:

So the wisest thing I've ever heard is to hire slow and fire fast. So make sure that when you're hiring somebody, that you're hiring someone that will fit into your culture and that the quality of the person is the most important thing. That said, if you don't have manpower, you can't fulfill your contract. So you have to get the bodies to get the contract completed. I always push groups to to put in place a code of conduct that they have listed for their employees that they share with the people they're recruiting so that people coming in know what's going to be expected of them.

DR. BULET:

Ms. Roehr, we've been talking a lot about practice finances. But I'm wondering if you have any advice about how to prioritize money and personal finance. Some of us will be earning great salaries, but for the very first time in our lives/ And I've heard we should continue to live like residents for a few years. Beyond that, any particular advice for us?

MS. ROEHR:

The wisest thing I can tell you is don't change houses, spouses or cars too often. They are very expensive to trade out. Assume that your starting salary is going to be your highest salary and make all your decisions accordingly and don't spend bonuses until they're in the bank. Wait until you're a partner before you search for your dream house or your permanent house as well. And make sure that you're putting at least 15 to 20% of your gross income into savings or retirement accounts. But also put some retirement money into Roth IRAs and have some savings that's outside your retirement account, because when you retire, especially if you retire before age 65, you want to make sure that you have some way to have money that isn't going to be taxed when you withdraw it. And lastly, don't try to outguess the stock market. Just invest in index funds and don't touch it.

DR. HIDALGO:

Miss Rohr, thank you so much for sharing your expertise with us today. I know I've learned a lot. If you enjoyed today's episode and you want to learn more, go to Cindy's consulting website at roehrconsultingllc.com. It's R-O-E-H-R Consulting LLC dot com. I also want to say thanks to Jack, Christian and Anjan and hopefully our listeners learned a lot too. Thank you to the listeners. Join us again next month for more residents in a room. The podcast for residents by residents.

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VOICE OVER:

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