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 one 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