

This is how physicians get paid. See where you fit.

APR 24, 2018

Andis Robeznieks

Senior News Writer

Salary continues to be the dominant method of physician compensation, though the percentage of individual physicians' income derived from salary varies greatly by practice setting and medical specialty.

On average, a bit more than half (52.5 percent) of physician compensation came from salary in 2016, almost a third (31.8 percent) came from personal productivity, 9 percent came from practice financial performance, 4.1 percent came from bonuses, and 2.5 percent came from other sources.

This information comes from a newly released AMA Policy Research Perspective, "How Are Physicians Paid? A Detailed Look at the Methods Used to Compensate Physicians in Different Practice Types and Specialties."

There is, in general, a gradual trend toward alternative payment methods being used to compensate practices. But on the individual-physician level, personal productivity remains a key driver of compensation.

Payment-method diversity growing

The move toward multiple methods of payment has been trending upward. The majority of physicians (51.8 percent) received compensation from just one method in 2012, compared with 45.6 percent in 2016, according to the study, which used data from the AMA's Physician Practice Benchmark Surveys. Also, only 4.7 percent of physicians received compensation via four methods in 2012, compared to 8.1 percent in 2016.

The AMA Physician Practice Benchmark Surveys include some 3,500 post-residency physicians who are not employed by the federal government and provide at least 20 hours of patient care per week. Surveys were conducted in September of 2016, 2014 and 2012.

Physicians were asked if they received payment based on salary, productivity, practice financial performance, or bonus unrelated to productivity or practice performance—and then asked to estimate the percentage of their income from each. (Physicians in solo practice were excluded from these questions as their compensation is linked directly to productivity and practice performance.) In 2016, physicians were also asked if their salary was based on practice tenure, past productivity, specialty and patient satisfaction or clinical “report card” scores.

Ownership status, practice type and specialty were major differentiators in determining percentage of compensation based on salary.

Salary accounted for only 30.1 percent of compensation for physicians who owned their practices, compared to 69.9 percent for those who were employees. For practice owners, productivity accounted for an average of 44.7 percent of their compensation, compared to 22.3 percent for employed physicians.

A similar pattern exists among practice settings. Physicians in single- and multispecialty practices were less likely to receive a salary than doctors who were employed by hospitals or who worked in faculty practice plans or medical schools. Hospital-employed physicians and physicians working in faculty practice plans or medical schools were less likely to have compensation based on personal productivity.

The study noted that nearly 40 percent of physicians received all of their compensation from either salary or productivity, with 19 percent for the first and 19.3 percent for the latter. AMA researchers highlighted two types of specialties at either end of the salary and productivity spectra. Only 12 percent of physicians in surgical subspecialties received all their compensation from their salaries, on the low side, compared with 41 percent of psychiatrists on the high side.

Meanwhile, one third of surgical subspecialists’ were exclusively compensated based on personal productivity—on the high end— compared with only 7.7 percent of radiologists on the low end.

Pattern seen in salary determinants

Specialty was the most frequent salary determinant, cited by 61.1 percent of physicians receiving a salary. This was followed by 45.2 percent who said time worked in the practice, and 32.2 percent who said prior year’s productivity. Percentages varied across ownership status and practice setting, but those salary determinants were always among the top three and cited more often than patient satisfaction scores and clinical report cards.

A little more than 15 percent of physicians said that patient-satisfaction scores had a role in determining their salary. Again, this varied by ownership status and practice type. Patient satisfaction

as a salary determinant was more common among multispecialty groups (22.3 percent) than among single-specialty practices (11.9 percent).