

THE ORTHOPAEDIC SUCCESS MANUAL

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Introduction

By Dr. Timothy Bray

The practice of orthopaedic surgery during the last decade has created challenges in all areas of our personal and professional environment. Clinically, the surgical practice has embraced excellent outcomes with less invasive procedures in all orthopaedic subspecialties by taking advantage of advances in technology, clinical pathways, and advanced imaging.

Despite those advances, challenges in *how* we practice, *who* we work for, and federal and state oversight regulations have continued to create an unpredictable financial environment. For these reasons, it has become imperative for the orthopaedic surgeon not only to advance his/her surgical skills but **to embrace the importance of improved business acumen**. Many of our young colleagues are entering the practice of orthopaedic surgery with advanced degrees in business including marketing, and various fields of healthcare delivery.

The Orthopaedic Success Manual was created to offer personal insight from four distinct directions for those pursuing a career in orthopaedic surgery. In this manual, three generations of orthopaedic surgeons and their financial advisor have outlined opinions relating to their personal experiences and perspectives.

Drs. Peter Althausen, Justin Walker, and I will offer our generational vision of the field of orthopaedics including *where to work and why*, such as geography, practice type, and professional environment. Insight includes anecdotal pitfalls and successes from training, into practice, and throughout the career of an orthopaedic surgeon. Mr. Williams highlights the financial implications of the decision making involved. He offers 'pathways of success' and tips to keep the young surgeon headed in the right direction.

We think this is a unique offering from several different viewpoints. Notably, it gives direction to the young surgeon, who can learn from the experiences of other like-minded professionals as they recall their experiences, both good and bad, of the early stages in orthopaedic career development. The financial implications of the private practice of orthopedics are complicated, yet, for the right individual, offer incredible autonomy and opportunity for success.

This manual will highlight the thinking behind a group of successful private practice individuals and their practice of nearly 75 years. We hope you enjoy the experience.

Chapter 1: Specialty Selection

Mr. Williams:

Just as you chose orthopaedic surgery (or did it choose you?) for myriad reasons, the selection of your fellowship shapes the direction and focus of the remainder of your career. Lifestyle. Call. Fulfillment.

Dr. Walker:

Specialty selection is perhaps one of the most challenging decisions that you will make in your professional career. Presumably, those reading this have found their way to the Promised Land of medicine – a career in orthopaedic surgery. Now comes the more difficult decision – what, if any, area of orthopaedics should you choose to specialize in? Is a fellowship an appropriate choice for you, or is general orthopaedics your calling? Is a fellowship required to sub-specialize your practice?

First, decide whether completing any fellowship is appropriate for you. For those with military service obligations and those choosing to practice in rural areas, fellowship training may not be possible or appropriate for your needs. For those who cannot, or do not wish to, focus their practice on one area of orthopaedics, a fellowship may also not be appropriate.

Be aware that generalists are somewhat of a dying breed, and that most orthopaedic residents are completing fellowships after training. Fellowship trained surgeons are increasingly common, if not the norm, in larger markets. So if you wish to focus your practice in one area, or wish to practice in a larger market, a fellowship is probably a good idea. While one may choose to focus one's practice in one area of orthopaedics without completing a fellowship, it may be harder to do this successfully in larger markets, particularly as a young surgeon lacking the benefit of gray hair and the presumption of experience.

Second, decide what your specialty should be. Specialties are selected for myriad reasons. Some surgeons pick the geographic area or practice to which they wish to return, and seek fellowship training in fields of need for that practice or region. While this may help one land a job at the desired group or in the desired area, it risks dissatisfaction with one's chosen specialty, particularly with time. Others choose the specialty that they perceive will generate the most revenue, and seek fellowship training accordingly.

Again, this risks job dissatisfaction, particularly as the sands of payment schedules shift over time. Deciding to go into spine for the money may be sorely regretted if the work is not enjoyable, and the reimbursement for spine is cut dramatically 2 years into your practice. Still others may choose specialties that afford them the best lifestyle; however, it is increasingly possible to adapt one's chosen specialty to a desired lifestyle.

My advice – and the way I chose what to specialize in – decide what you love doing, and pursue that. For me, that was orthopaedic trauma. While not always the easiest specialty with regards to hours, reimbursement, and predictability, trauma provided me with a chance to definitively fix problems and provided me with day to day variety that I appreciate. You can make changes to improve your lifestyle, you can work more to make more money, but you can't change what you do at work every day quite as easily; so make it something you love doing.

Dr. Althausen:

After five to ten years in their field, most orthopaedic surgeons have settled into their practices. At this point physicians have honed their surgical skills, developed practice patterns and understand the political and professional landscape surrounding their partners, hospitals and healthcare systems. It is a good time for surgeons to evaluate their personal job satisfaction, home and family situation and aspirations for the next stage of their career. This is a critical time as change is still possible. I do not agree that “good enough” is satisfactory. After 18 years of schooling and 5-10 years of practice building our reputations, the mid-career surgeon can make changes to improve his work environment, home life, and recreational options.

Fellowship trained surgeons often have specialty-driven practices. In most cases, these physicians have chosen a specific interest based on their personality, professional and academic interest. We would all hope that this would result in fulfillment but sometimes it does not. For those happy physicians, change is not required. However, for unhappy surgeons, some type of change is indicated to preserve careers, marriages and sanity. Two available options are changing “how” you practice or changing “what” you practice.

Changing “how” you practice is not as easy as it sounds but is certainly possible. Trauma is perhaps the most demanding field of orthopaedics as it often requires significant amounts of call, difficult patients and constant stress. This is hard on personal health, family life and marriages. Trauma surgeons who love what they do can adapt. More trauma partners can be hired to offload work with the understanding that income for all partners will decrease but lifestyle will improve. Alternatively, scheduling changes can make a huge difference as many different scheduling options are possible. Some practices have evolved to week-on, week-off schedules or 12-hour day-shift, night-shift schedules. One practice I know has 4 traumatologists who work 3 weeks of every month and must take a full week off. This allows them to recharge their batteries, spend time with family, help out at home or go on vacation. Hiring a physician extender can also help you to manage your workload. If used appropriately, such employees can decompress your busy clinic, help round on your patients, cover night time patient calls and assist in surgery to help you get out of the hospital on time. There are a myriad of solutions that can be utilized to avoid switching from the specialty you have chosen.

If changing “how” you practice is unsuccessful, consider changing “what” you practice. For instance, many trauma surgeons develop arthroplasty practices when call becomes too burdensome. It has always been a natural evolution as many trauma patients with severe injuries develop post-traumatic arthritis and require joint replacements. Trauma surgeons are comfortable operating around the hip from years of acetabular and proximal femur surgery so arthroplasty is an easy transition. Specialty change can be made either by doing another fellowship or by spending time operating with practice partners of that specialty interest if one happens to be part of a large group practice. This choice often depends on your surgical skill set, local opportunities and financial situation.

Surgeons may also choose to pursue a new specialty for financial or patient care reasons. Increasing competition may impact the number of cases in a community. Instead of moving, an established surgeon can pick an area of need and pursue it. The sports physician at risk may seek a foot and ankle fellowship to increase patient volume and fill a community need and still use his arthroscopy skills. Orthopaedic oncologists often pursue a fellowship in joint replacement or spine surgery to offset the lower volume of tumor cases. Not all changes require fellowship training but as the job market becomes more competitive, it has become more of a necessity in urban practice environments.

I would encourage surgeons to consider all these options as their career matures as professional and personal happiness are greatly affected by the specialty they have selected.

Dr Bray:

I chose orthopaedic surgery in the 1980's for many reasons: because it was enjoyable, it fulfilled my childhood goal of becoming a surgeon, our mentor- resident physicians were easy to work with, the variability of the cases seemed endless, bone pathology was interesting, and a future in academic medicine (not popular at the time) was obtainable in the geographic area I wanted to live. In those years, fellowship was a rarity, only for those surgeons practicing in academic centers or highly competitive cities. In the 1980's we were taught the three "A"s of success: Ability, Affability and Availability. Like most physicians at the time, I never thought of lifestyle, reimbursement, or managing a practice. We were taught the art and science of the most prestigious profession on earth.

I chose orthopaedic trauma as a subspecialty as a direct result of the influences of our teachers in San Francisco. To this day, I am indebted to their commitment, kindness, and compulsion they shared in teaching me. We are not born with the skill set to be successful orthopaedic traumatologist, someone had to teach us. Our faculty at San Francisco General Hospital was dynamic; great teachers practiced medical ethics as a family, advocating and caring for all patients regardless of color, creed or ability to pay. Although times have changed, these remain core principles we practice today in the education of our 2016 trauma fellows.

As it turned out, my orthopaedic trauma career took me into a completely different direction. After becoming disenchanted with the university bureaucracy, I entered a private trauma practice in the rural West and never looked back. Lifestyle and family became the most important priority in my life.

Practice management is an absolute necessity for professional growth in today's economic environment. My fellowship has allowed me and my family the opportunity to travel the world, care for my neighbors in need, achieve financial security, pass on ethical and surgical principles to young physicians, and honor my mentors who taught me the trade. I can only hope that your experience, whatever field you choose, will give you the same opportunities.

Chapter 2: Employment Selection

Mr. Williams:

In our second book, 'Optimal Financial Health,' we discuss picking a practice modality that fits your approach to life. If your approach is to punch in and punch out, joining an "eat-what-you-kill" practice will likely end poorly. Similarly, if you have entrepreneurial ambitions, joining a Kaiser system probably won't work too well.

Dr. Walker: Hospital

After picking your specialty, you now need to secure a job that allows you to practice your subspecialty. Broadly, your options are: academic practice, hospital or health-system employment, multi-specialty group practice, single specialty group practice, and solo practice. Each of these options has numerous pros and cons. Following sections will focus on academic and private single specialty group practice, while this chapter focuses on the fastest growing practice option – hospital employed practices.

Hospital employed positions have obvious appeal for new surgeons entering the market. First, these jobs handle all business aspects of practice for the surgeon, requiring the surgeon have little or no business acumen. Issues such as billing, contracting, employee selection and management are handled by the employer without much, if any, surgeon involvement. Additionally, surgeons are typically provided with support staff – medical assistants, scribes, physician extenders, cast techs, etc – as part of their contract, and do not directly select, manage, or fund these positions. Removing the burden of understanding the business aspects of medicine can relieve stress on a new surgeon, allowing them to focus their time on their practice and family.

Hospital employed positions also take away the uncertainty of yearly income fluctuations which can occur with private practices. Without any monetary incentive for production, these positions can greatly reduce the pressure to operate or produce income for the institution. These institutions often offer signing bonuses, which many private practices do not, and such bonuses can certainly attract young surgeons, particularly at a time in one's career where money is short. Salaries are often on the higher end of the market value, at least initially, making them even more attractive to young surgeons. Employed practice in a health system adds further benefits, as these often practice internal referring, resulting in a more secure referral source for patients. This relieves the surgeon of the burden of networking and beating the bushes to generate referrals.

With all these benefits, hospital and health system employed positions sound hard to beat; but remember, what sounds too good to be true often is. Physicians may not need an understanding of the business side of practice per se, but failure to understand the basics can often lead to being exploited. While salaried positions provide income security and stability compared to private practices, even with incentives, they do not typically allow the surgeon to retain his or her true earnings, and typically do not allow the surgeon to receive earnings from ancillary income streams. Therefore, while providing stability, these positions may have significantly less financial upside for the surgeon.

Secondly, while allowing the surgeon to distance him or herself from the management of the practice, these jobs may not allow the surgeon much influence on these areas of the practice. Surgeons may have little or no say in employee selection, practice management, scheduling, etc. Additionally, while there may appear to be minimal pressure to produce because of the lack of direct financial incentive to do so, surgeons who do not meet or exceed their salary plus overhead with their collections will likely find their salary negotiations two years into practice much different than when they started.

Your employer is not likely to view their orthopaedic department as a charitable enterprise, and surgeons who do not justify their salary with collections will likely find their salary reduced. Negotiations are much trickier once you are already an employee. At this point, your family is settled, the kids are in school, your wife has made friends, and your ability to walk away is diminished, reducing your negotiating power.

Lastly, while attractive early on, signing bonuses are best viewed as loans of a sort, as they are likely to be counted in the expense column when the hospital renegotiates your contract 2 years into practice.

In sum, hospital employed positions are an attractive, but by no means perfect, employment option. Less responsibility for the management of the practice is traded for lack of control and influence. Income stability is traded for a reduced financial upside. And the perception that the pressure to produce commonly associated with private practice does not exist can be a trap leading to difficult contract renegotiations and salary reductions.

Dr. Althausen: Private Practice

During the mid-portion of an orthopaedic surgeon's career several major issues are involved with employment selection. They can be divided into financial objectives, autonomy issues, academic issues and family issues. In most cases, private practice employment favors the harder working, entrepreneurial physician who dislikes being told what to do by administrators and is irritated by political interference from the academic establishment and hierarchy.

There are many different private practice situations ranging from independent single physicians practices to large group practices. 98% of all orthopaedic care in the United States is delivered by non-academic orthopaedic practices. In the last ten years, the average orthopaedic surgeon salary has decreased *except those in large private practice groups*. This is a result of many factors, the largest of which is ancillary service development. In well run practices, 30 to 50% of income is passive secondary to successful management of physician-owned surgery centers, MRI, physical therapy, urgent care and DME stores. This is an income stream completely lost in an academic or hospital employed position.

Private surgeons also have the benefit of private anesthesia and situations where everyone is incentivized by efficiency from clinic to surgery to discharge planning. This efficiency lends itself to better time management and income as private physicians can see more patients in clinic and do more surgery during daylight hours. Many private surgeons see 60 patients a day in clinic and do 6 to 10 cases a day with 15 minute turnover time. In the majority of these cases, they are home by 5 p.m. to have dinner with their families. Having been in private practice for 10 years, I could no longer tolerate the inefficiency of hospital employed practice.

From a family perspective, private practice can be a fantastic situation for the middle-aged orthopedist if managed correctly. Usually kids are out of diapers and in school but not out of the house. Your parents are usually still healthy enough to not require daily help from their middle-aged children. Tensions often arise in marriage as both husband and wife may hit their “mid-life crisis”. This is a time when surgeons tend to make poor choices, have affairs and destroy their family unit. Often this could be avoided by having an employment situation that allows for some flexibility. Private practice employment provides that flexibility because each physician is an owner and can adjust schedules as needed. You can start clinic later to help your wife get kids to school, you can book a lighter surgical day so that you can plan a date night. If you want to coach your kid’s little league team, you can arrange it. You may make less money during those periods, but the upside is that you still make 200-300% more than hospital-employed or academic surgeons. Because you are responsible for the financial welfare of your employees, private practice physicians must still continue to work a sufficient amount to keep their business afloat. However, having the power to make these choices sets the private practice model apart.

The downside to a successful private practice is that physicians cannot simply focus on the practice of medicine. They must involve themselves in the business aspect. That means attending board meetings, getting involved with hospital committees, changing practice patterns, adhering to care plans and implant choices. You cannot just show up at work, expect residents to have done your rounds and sit on the desk with your feet up at clinic. While at work, your job is much more hectic and stressful. However, the financial benefit and flexibility are often well worth it. There is an incentive to see extra patients and do more surgery because there is a direct tangible financial incentive.

Historically, private practice has always been thought of as separate from academic medicine. That is no longer the case. Many private practice orthopaedic groups continue to teach medical students. Several, such as ours, have fellowships as well. Private practice fellowships are currently in high demand as most young physicians are hungry for business knowledge. In addition, choosing a career in private practice does not mean that you cannot do research or publish. Our office has set up a research and educational foundation, applies for grant money, has multiple active projects and publishes 3 to 5 articles a year. When searching for a private practice option, just remember that many models exist and you can search for the one that suits your professional and academic needs.

It is estimated that 80% of all orthopedic surgery will be done on an outpatient basis by 2020. This means that private practice will be in a position to control the orthopedic market. They have the opportunity to adapt quickly to more efficient care pathways which will use market forces to contract for less expensive bundling for arthroplasty and spine cases. Surgeons stuck in a hospital employed model could suffer greatly unless affiliated with a large health system that owns their own health plan.

This shift to outpatient surgery gives private physicians a huge amount of leverage as they can now take most arthroplasty, sports, hand and foot and ankle cases to their own surgery center, completely cutting hospitals, administrators and politics out of the equation. This makes more money for the physicians, provides better quality of care for the patients and less expensive care for the health insurance companies.

Unless you are a trauma surgeon whose patients must come through a hospital ER, private practice will be the only vehicle for surgeons to maintain autonomy, financial stability and busy practice. Through affiliation with a private practice group, trauma surgeons can get access to ancillary service income, an income stream not available to hospital employed trauma surgeons. Academic positions will remain to train surgeons but will likely be too inefficient to maintain contracts other than indigent or government payers. The mid career employed surgeon is still in a position to switch employment. All indicators suggest that many private practice models would be a good choice for any surgeon looking for a change.

Dr. Bray: Academic

Although I have spent the majority of my practice career in private medicine, I elected to start my orthopaedic career in the academic setting for several personal and professional reasons. Academic orthopaedic practice is an extension of the residency experience with all of the benefits of educational weekly conferences, resident and students participation on the service, opportunities to pursue a research interest, teach young surgeons, as well as develop a super sub-specialized clinical practice that supports the institutional mission or is a needed service to the local community.

The qualities of an academic orthopaedic surgeon are easily evaluated for employment as the Residency graduate has functioned in a 'like program' for years prior to applying for this type of a first job. These candidates are familiar with dealing with the university's bureaucratic team, the stresses of equality in pay plans, call, resources and achieving timely academic rank. Receiving a monthly paycheck, generous benefit packages and retirement management is much easier for the surgeon with less interest in the challenges of managing a private practice.

The professional opportunities such as international travel to explore orthopaedics overseas, enrichment sabbaticals and fewer restrictions on educational and meeting time are tremendous advantages enjoyed by academic surgeons which would be unrealistic for the community surgeon with practice management responsibilities. Personally, in the 1980s, I was interested in a new field of orthopaedic pelvic fracture surgery as well as trying to research the understanding of adjuvant stimulation of bone non-unions. The university provided the opportunity to travel, study, and nurture my interests both clinically and academically while providing a comfortable living for my family. It was gratifying to develop a highly skilled surgical practice in a system that was safe and accessible.

Eventually, due to the heavily weighted reward systems for research and teaching, as well as the conflicted commitment to the business of departmental orthopedics, my clinical career interests changed and aligned more with community practice and trauma program development. This change allowed me to manage my time more efficiently, spend more time with my family and self-direct personal and professional goals without the challenges of bureaucratic barriers. This early academic practice, however, gave me great intellectual stimulation; and to this day, provides me the opportunity to maintain educational and research interests both locally and nationally.

Chapter 3: Geographic Considerations

Mr. Williams:

Are you a city person or a country person? Do you prefer an urban or rural setting? What can you, your spouse, or your family tolerate? Although a higher paying job in the sticks may seem attractive, will you be able to endure the experience? Choose wisely. Be honest with yourself.

Dr. Walker:

When starting your practice, both the practice setting and geographic setting should factor into your decision. While 50% of surgeons will change practices in the first 2 years, the goal of most surgeons is to pick the practice they will remain in for the rest of their career the first time. While surgeons may all have different needs and focuses depending on their age, stage in life and their career, it behooves one to consider as many factors as possible when selecting a practice location.

A common consideration for many people is family. Living within a certain proximity to extended family is of varying importance to couples, but it is important to know and respect your partner's opinion on this subject. Early in family life, nearby family members can help with child care and provide emotional support and companionship. While most parents are probably well enough to travel early on, as time passes it becomes more difficult for aging family members to travel to you. As the family grows and ages, surgeons and their spouses may find themselves in the role of medical decision makers for aging parents, and assisting with their care. This is more difficult to accomplish from afar. Sufficient income may allow for airfare expenses; however, coordinating time to travel in between soccer games, school pick-ups, social events, and a busy surgical practice can be quite challenging.

In terms of your nuclear family, community educational resources warrant consideration when picking a practice location. Many areas of the country feature outstanding public schools (such as Minnesota, where my wife grew up), while others (such as Nevada, where I practice, and Louisiana, where I grew up) do not. This warrants consideration, because private schools cost money, and budgeting for such schools may offset some tax or income benefits offered in those states.

Speaking of tax benefits, seeking a location with favorable tax benefits is worth consideration as well. For instance, Nevada has no state income tax, making this a favorable state for practice, economically. Other states have higher tax rates and may not be as favorable from a tax perspective – these differences should be weighed against the expected compensation in each area. Additionally, higher tax rates states may have other benefits not present in states with lower tax rates, such as improved funding for education.

Lastly, the recreational opportunities in your chosen practice location can be a major factor influencing practice location choice. Die-hard hunters are likely to find difficulty doing what they enjoy if living in New York City. Similarly, families with young children may have difficulty enduring the winter in North Dakota. You and your family need to enjoy your time away from work – think critically about whether the area you are considering provides that for you.

Dr. Althausen:

After 5-10 years of practice, most physicians have found their niche. Historically 50% of surgeons switch jobs in the first 2 years but by 10 years have settled on a location that fits their professional, family and recreational needs. Unfortunately things can change, resulting in the need for career adaptation. Sometimes, the question of geography arises again.

In most cases, around the 10 year window, most surgeons have healthy, independent parents. However, at times a surgeon's aging or ailing parent may warrant care and observation. Several options are available depending on the type of practice setting. Academic surgeons can take a leave of absence or a sabbatical. Private practice surgeons can close their practice for a certain time period but this leaves them with no income and strains the practice overall. A partner's leave would overload their partners with call, could make it difficult to maintain patient confidence, and may risk the physician's or entire practice's reputation. However, if a leave of absence can be arranged with partners, a locum tenens position is a viable option to make up for lost income. Many agencies exist to assist with placement and this can be a good answer to a short term problem.

Another geographical issue that arises for many "Type-A" surgeons is their children's education. Some locations (like Nevada where I live) have fantastic work opportunities, top notch recreational activities, favorable tax structure and a wonderful climate. However, their school system is one of the worst in the nation. The middle aged orthopedist often has children going into high school. With the competitive nature of collegiate admissions, the debate arises about whether or not kids need to go elsewhere for quality education. Boarding school is always a possibility but many families want to stay together. This alone has prompted several successful physicians to relocate their practices, either by splitting time between two cities or moving altogether.

Sometimes a change in geography is less attractive. At this point in your career, kids are usually old enough to voice their opinion. Moving away from friends, sports teams and schools they like can be difficult on families.

A change doesn't always have to be drastic. An easier, but effective option could be simply switching to another practice in your area. Several surgeons in our town have joined our practice from other local orthopaedic groups and are extremely happy. They did not have to move, kids' lives were not disrupted but their professional and personal lives improved.

Dr. Bray:

Choosing the geographic region where you will build your life and practice your career can be a challenging endeavor considering the needs of your significant other and parents, the different professional practice opportunities, and even the various “Best Places to Live” rankings.

Some situations are “slam dunks” for the fortunate few, and all the desired boxes are checked. The majority of us, however, will progress through an elimination process, listing the pros and cons and eventually compromising to some reasonable solution. Remember, the majority of orthopaedic traumatologists change jobs within the first 5 years; however, it is ideal if you can find more permanent job gratification thereafter.

Family has always been our # 1 priority both personally and professionally. Everything else seems to fall into place if your family takes the front row in the decision making process. A priority must always be: where does your spouse want to live? If the spouse isn't happy, your life as a busy surgeon becomes uncontrollably complicated. Your spouse must find satisfaction in their own work and play to continue a healthy relationship. Living close to parents has more advantages than disadvantages; helping to care for the kids, baby sitting for travel, and, later on in life, caring for your aging parents. Trying to aid or help manage sick, aging and distant parents by telephone is less than ideal.

And, how about the “Best Places to Live” rankings? Orthopaedic surgeons tend to be active and usually make the best of the sporting activities presented to them geographically. There are multiple online ranking systems evaluating schools, crime, recreation, airports, etc. If you have an athletic passion, find a location that affords activities to stay fit and decompress after a long week of complicated surgeries. A surfer would go crazy living in the desert. The climate and scenery matter too; you must be able to look out the car window on your way to the office and say, “This is a pretty good place to live”. Life is too short, and time too precious to waste time second guessing, or worse, regretting your decision.

Finally, endeavor to find a geographic work environment that fits your professional goals. Professional sports practices usually requires city living, pediatric and oncological practices require access to larger patient populations, and trauma requires a regional trauma system. Most of you will be well versed in the specifics of these issues prior to entering a fellowship. Just remember, your fellowship year goes by fast. Don't shortcut or put off this important evaluation process.

Chapter 4: Interviewing Tips

Mr. Williams:

Remember that you are looking out for you. As much as they are interviewing you...you are interviewing them. Come prepared. Know the group. Gather as many details as possible to familiarize yourself with the group and the folks interviewing you. Be honest. Everything is verifiable.

Dr. Walker:

Preparing to interview for your first orthopaedic job can be daunting, because the stakes appear very high. You currently have no financial reserves, and you quite possibly have a spouse and children who count on you to secure a job that allows you to provide for the family. Not to mention, you aren't just looking for any job, you are looking for the right job. Feeling pressure is completely normal, but don't allow it to drive your decision making. Here are a few interview tips that may help you with the process, and take some pressure off of you on the day of the interview.

1. **Knowledge is power.** Do your best to research the group and the market ahead of time. Get an idea what subspecialties the group currently has represented, and what they lack. In the case of hospital employed positions, is the hospital a trauma center or a joints center of excellence, and do they currently have specialists helping them run their orthopaedic programs? Interviewers are generally impressed by well-prepared applicants, and preparation can help you frame questions or showcase your assets.
2. **Dress and act the part.** Show up on time and dress appropriately. Suit and tie are generally the norm unless explicitly told otherwise. Make eye contact. Lack of eye contact is a red flag for social interaction problems, which groups want to avoid. Be appropriately engaging and outgoing. Give complete answers to questions, not just flat yes or no responses. Ask follow-up questions that foster an in-depth exchange, without coming across like a toddler. (Why? Why? Why?)
3. **Be polite.** I grew up in the South, and despite moving away years ago, I still strongly believe in certain "Southernisms". Saying "Yes Sir and Ma'am", "Please", "Thank you", and holding the door for people can be powerful tools in an interview setting. These small actions show deference and kindness, which are positive attributes when searching for a partner. You are likely to be introduced to, or run into, several employees. Treating them in a friendly and courteous manner in front of the staff is helpful, whereas ignoring them awkwardly is not.
4. **Know your strengths,** and what you can bring to the group. If you are a fellowship-trained, total joint surgeon interviewing at a group or hospital that lacks a surgeon doing total joints, you can help them set up their joint program. Trauma surgeons can save money for the hospital and efficiently move patients along. Remember these assets, and find an appropriate way to point out what you can bring to their group.

5. **Don't go overboard.** You wouldn't be there if you weren't qualified for the position; don't feel compelled to prove it. While it is appropriate and wise to accentuate your strengths honestly and accurately, and make a case for why you would be an asset to the group, bragging, exaggerating, or making bombastic claims is extremely foolish and will undermine your credibility. Those interviewing you know you haven't done a case on your own yet, and they have already experienced the learning curve that you have yet to experience, so be modest.
6. **Be your best, honest self.** Don't try to convince them that you are the right fit for the job, and definitely don't try to convince yourself that the offered job is the right one for you. Part of the interview process is deciding whether you are right for each other. So be the best possible version of you on interview day, and remain open to evaluating things honestly.
7. **Your past can haunt you.** From the very beginning of your career, you are forming a body of work. Groups usually call around and ask about you before hiring, and while you may list specific references, they are more likely to call colleagues they know rather than the ones listed. A reputation for bad behavior can precede you. For instance, if you took a lazy approach throughout all of your residency with the exception of your sports rotations – this fact is likely to come out. Work hard and treat others the way you would wish to be treated from the start, and you'll never have a problem.

Dr. Althausen:

Interviewing for a second job is much more challenging than the first interview out of fellowship. After 10 years of practice, change is difficult and there may be multiple factors that lead to a new job search. If you find yourself seeking a new job after a decade or so of practice, remember that interviewers often are searching for what's wrong with you not what's right. Make sure that you keep them on the right track.

At this stage in your career, you may come with some baggage from a previous job but more importantly you come with experience. Exploit that fact. Your experience is your strength. You don't need mentoring. You don't need to work out your system of practice. You already understand billing and coding. As a trauma surgeon, you may be able to assist your new partners in setting up a trauma system. An academic surgeon looking for a private job may be able to bring in research money, prestige or start a fellowship. A private physician seeking an academic spot may bring ideas of efficiency or gain sharing to a department needing a change.

A group may worry that you are too old to adapt to new systems. Be clear that you are willing to make simple changes for the group's benefit. Changing implant systems, using a new computer EMR, adhering to BPCI or gain sharing models could all be agreed upon for the benefit of the group.

Knowing your strengths and communicating them is important. However, it is also important to be introspective enough to understand why your last job didn't work out. If you contributed to the problem, you may have to make some changes before joining a new practice to make the transition successful.

Lastly, balance your ego. For instance, an academic surgeon looking for a private job should not assume they are performing better than a guy who has been in practice in a small town. In many cases, that private surgeon has done 4 times more surgery than you for many years, is incredibly efficient and has a great bedside manner.

The difficult transitions we have seen involve surgeons who come to a smaller town thinking they are going to save the world and find that some “small town” doctors have been doing it longer, and in many cases have better, faster and cheaper methods. Make sure you know the market you are entering at the beginning of the process. The best scenario is that you are able to learn from each other on multiple levels.

Dr. Bray:

As the senior author for this publication, I probably have had the most experience at all levels of medical education ranging from medical school admission, evaluating residency and fellowship applications to presidents of our professional organizations. By now, you have been successful in developing personal statements, curriculum vitas, and obtaining letters of recommendation; now it is time to focus on the interview process. Though my partners mentioned some of these items, their importance bears repeating.

1. **Do your research on the program.** It is impressive to the faculty when a candidate knows the strengths and weaknesses of a program as well as details such as the faculty publications, hospital/geographic patient demographics, and where and what the prior fellows are doing with their careers. It shows a deep level of interest and compulsion; strong characteristics for selection.
2. **Look sharp.** We all know the interview dress code for orthopaedic surgery: come dressed for success. We belong to a proud and honorable profession, so show your respect by the way you present yourself. It will be the same dress code requirement for your board exams, national meeting presentations, and frankly most involvement in professional organizations, etc....so get used to the dress shoes.
3. **ARRIVE ON TIME.** Of course by now, you realize there are few if any excuses for being late in our profession. Rounds, office, operations, and scheduled meetings all start on time, so be punctual, upbeat, confident and concise.
4. **Ask appropriate questions.** Most of the job information about a group / fellowship / residency program is readily available online, so prior to the interview take the time to internalize it. This allows you to ask questions that get beyond the general and into the nitty gritty. This relationship is a marriage of sorts, and because the goal is for it to last for an extended period of time, be sure it is the program that best fits your needs.
5. **Use positive body language.** Lots of eye contact, patient listening, natural smiling, nodding and the occasional quick note demonstrates an active interview process.

6. **Offer your unique strengths.** As Dr. Walker stated earlier, you are qualified for the position or else you wouldn't be there. Now try to match your strengths to the program's. Let the faculty know they will never be disappointed by offering you a position: you will get up earlier, work later and publish your research in a timely fashion. Faculty-to-faculty personal calls on your behalf could provide a valued introduction for the interviewer. Find out if your faculty knows the director of the program to which you are applying and ask for a personal contact.
7. **Write a handwritten note.** Although it may seem "old school" I enjoy receiving a personal handwritten, thank you note for the time and opportunity of the interview process. Although electronic communication works just fine, the personal touch adds a nice finesse to the process.
8. **Practice.** Finally, ask your senior colleagues to participate in a mock interview process. This role playing can be an invaluable exercise prior to the real thing. There are abundant resources online (<https://www.livecareer.com/quintessential/job-interview-tips>) to help you prepare appropriately for one of the most important interviews of your career to date. Now go out there and get the job!

Chapter 5: Contract Negotiation

Mr. Williams:

Unless you're considering a non-negotiable contract, the following will apply. Once you've narrowed it down to your top choice, have an attorney specializing in employment contracts review it. Items to verify: non-compete provisions, tail coverage, buy-in details...everything should be in writing. No handshakes.

Dr. Walker:

Now that you have accepted a job offer, you need to hammer out the nuts and bolts of the employment terms – the contract. There is a good chance you have never done this before – at least not for a job of this magnitude. Here are a few tips for the first time contract negotiator.

Depending on the job and the group you are joining, there is a varying amount of negotiation possible. If you are joining a large health care organization or hospital that has a standard employment contract, with standardized benefits and compensation, there may be little to no ability to negotiate any of the language in the contract. If you are joining a small group with more nebulous ideas regarding your employment, additional negotiating room is probably possible. Additionally, if you bring something novel to the group – their first traumatologist, first spine surgeon, etc – you may be able to negotiate on items related to your specialty. Special OR tables or equipment, clinical support (PA/NP), access to call, are all examples of things that can be negotiated. Talk to some of the most recent hires if you can, and ask them about their contract negotiation. They may be able to give you some insight on the degree to which contract terms are negotiable.

If you don't ask, you will never get it. Generally, there is no harm in asking for things during contract negotiation, such as higher salary, longer (or shorter) contract period, signing bonus, dedicated personnel, equipment, etc. Demanding things is probably not the best tactic, unless they are make-or-break issues for you. Remember that you are new and relatively unproven, so demanding anything during contract negotiations may make you appear entitled.

Beware of terms like “negotiable” or “at the discretion of” when present in contracts. These terms may be completely innocuous, but they could be a major roadblock to you taking a vacation, getting a raise, or practicing your chosen specialty. For instance, in my contract, my vacation days are “at the discretion of the board.” It turns out I can essentially take vacation whenever I please as long as I don't take a ridiculous amount; but without talking to recent hires and assuring myself of this prior to signing, I would have had no way to know that. Another doctor in another practice may find that this means the process is complicated or difficult to navigate, which can result in frustration.

Finally, unless you happen to be a lawyer with experience in contracts, have an attorney with experience with medical contracts review your contract prior to signing. Contracts can be full of pitfalls, trap phrases, or unenforceable rules or stipulations. A professional can help you identify and avoid these.

Dr. Althausen:

Contract negotiation can be slightly different for the mid-career orthopaedic surgeon. There are several issues to consider depending on the practice you seek to join. This does require research especially if you are an academic surgeon looking for a private practice job.

Many surgeons out of fellowship join practices that have a partnership track. In many cases this is a 2 year wait. Mid career surgeons can often negotiate this down to one year. This can be very beneficial as partnership often comes with interest in practice owned surgery centers, physical therapy, imaging, DME and building ownership with rental income. These interests can amount to hundreds of thousands of dollars in income each year. As a result it may be wise to agree to a slightly lower salary but earlier partnership.

Another issue to consider is malpractice insurance. Each state and situation is different but when a physician switches practices he must purchase "tail" insurance to cover the liability of the patients treated in the former practice. This can be a very expensive undertaking. Newer insurance vehicles such as risk retention groups (RRGs) have enabled large private groups to achieve better rates and actually get dividends from their own malpractice insurance. When negotiating your contract ask what the options are. Ask if the group you are joining can pay your tail or see if you can buy shares in an RRG.

When looking for a job or negotiating salary it is important to look at a group's philosophy and how they pay themselves. Certain structures may benefit certain practice types or fellowship areas of interest. Practices like mine value work and pay based on relative value units (RVUs). This favors high volume, lower collectors like trauma and arthroplasty. Other practices pay based on collections which favors the sports and spine practices. Average salaries for regions and specialties can be obtained from MGMA.

Some practices have two types of job offerings. Several partners can be fully vested into the partnership, receiving ancillary service income and be paid on an eat-what-you-kill model whether it be based on collections or RVUs. Other partners are salaried employees who just show up at work on time and go home. These physicians are not required to attend board meetings or be involved in the business side of the practice. This can be an attractive option for the mid career surgeon who wants a simpler life, more time with his young family or more attention to his marriage or recreation. If you are joining a practice that does not have this option it can never hurt to ask if they would consider it if it is something you are looking for.

Dr. Bray:

The era of contracting and partnership negotiations arrived in our professional community well after I had signed on the dotted line. Personally, I have practiced in one location for 30 years based on nothing more than a handshake, an offer of goodwill, and the opportunity to care for patients. Therefore, I will refer you to the previous sections on the business of entering a practice.

Having said that, I believe there are other “non-contracted” qualities that are equally, if not more important to consider when evaluating joining any practice. What are some of the qualities of a *private practice (not applicable to HMO, Academic practices)* that might not be found in a negotiated contract?

First, what has been the **experience of current and past physician associates**? Have they enjoyed their working time together? Has there been a steady stream of new physicians that stay for a short period of time and then leave for unknown reasons or are there senior surgeons, respected in the community participating on hospital boards and state societies. It has been my observation that successful practices embrace healthy work/play balance, share and reward work fairly, respect all members of the practice team and invest in younger associates to grow and maintain their community reputation.

Second, is there a **steady flow of patients** to be served and will you have access? This comes in the form of contracts, emergency services, sports clinics, or assuming a retiring clinician’s practice. The young surgeon may start slow and care for less than ideal patients, but the opportunity to grow your practice in the direction you have trained is critical and often NOT spelled out clearly in employment agreements.

Third, some surgeons have **special needs of a practice** that might include a child’s disability, single parenting, a working spouse, specialty services from the hospital, or elite level athletic interests. Can the practice compromise enough to make it work? Compensation/overhead pay plans based heavily on production/collection formulas need close scrutiny and may not play well with the special needs surgeon.

Finally, be certain the **ancillary income opportunity** within the practice is well defined. As reimbursement for services declines, this income stream becomes a larger percentage of your compensation package, be sure you understand and can assume access in a fair and equitable fashion.

Chapter 6: Partners and Partnerships

Mr. Williams:

Meeting some of your future partners should be included in your interviewing process. What do they like about the group? Gather a feel for the folks with whom you'll be working. Do you like them? Are they genuine? As noted in chapter five, the details of your partnership should be clearly spelled out in the contract. How many years will it take? What's the cost and how will it be structured?

Dr. Walker:

For many, the terms “partner” and “partnership” are fairly vague. Often, “partner” refer to ones colleagues within the practice, but not necessarily one with whom you necessarily have a financial arrangement. In other cases, the term partner refers to financial partnership. We will briefly discuss both.

As a new surgeon joining a group, you are hoping for partners who are supportive of you and your practice. Be wary of surgeons who seem lukewarm about the idea of you joining the group. A fellowship trained subspecialist may not be greeted with open arms by generalist partners whose bottom line you may be cutting into, and who may be threatened by your presence. If you are a trauma surgeon joining a group with an existing trauma team, and not all of the team members agree that adding an additional surgeon is in their interest, this can quickly become toxic for you as the new surgeon. Existing partners who feel threatened by your presence, or who feel your presence is not in their best interest, can make life difficult for you.

Honesty, open communication, and actively addressing problems are characteristics of good partners. Partners who are dishonest (with themselves or especially with others) are toxic to the group as a whole. Poor communicators can make things difficult for other partners as well. Open and honest communication between partners can resolve differences and handle issues before they reach the level of serious problems. Unfortunately, problems do occur inevitably in every group. You want to be in a group that handles these issues directly and appropriately. Hefty fines for every little offense are excessive and somewhat oppressive, but ignoring issues, or worse, acknowledging them and actively sweeping them beneath the rug, is worse.

As you look at jobs, the notion of partnership, or ownership in a business, may or may not be an attractive one to you. For those without interest in the business aspects of medicine, those who simply wish to collect a paycheck regularly and go home, financial partnership may not be the best option, and employed positions may be more desirable.

In private practices, financial investment in the partnership (the buy in) is just that – an investment. The goal is for this investment to pay dividends to you throughout your career. Like any investment, your buy-in is a financial risk and should be viewed as such. While in most cases the risk is low, you must still do your homework.

In an ideal partnership, the leadership is strong and stable, with good business acumen. Most private practices are more nimble in their decision making than large institutions. Such dexterous decision making can avoid missed financial opportunities and allow leadership to change money-losing business practices with less bureaucratic hindrance. Groups whose leaders have a reputation of poor, knee-jerk decisions put your investment at risk. Get to know the group leadership before your partner decision so you know what you are getting into.

Dr. Althausen:

In any practice, the relationship between partners is the key to success. The evolution of partners and other personnel should be constant to maintain a core group of physicians which fill the needs of the practice. Because those in a private practice partnership experience such a degree of interdependence with the other partners, always remember to ***“Hire slowly and fire quickly.”***

One of the most difficult things for a surgeon at the 5-10 year mark is hiring another surgeon in their field of specialty. On one hand, it is fantastic to have someone to share academic interests and have additional back up for care of difficult patients and assistance in difficult surgeries. On the other hand, after years spent building a successful practice and reputation, this may feel like more competition. What you must realize is that this is actually a good thing and that you should support the newcomer in every way possible. His success will ensure the growth of the practice, bring in more ancillary service money, and may bring in a new skill set to improve the offerings of the practice. In addition, at a time when you may need a break from call or more time with your family, the new hire can lighten the call burden.

Communication with partners is another key to success. Strong practices have monthly board meetings, openly discuss practice issues and have all partners involved in voting on clinical and financial issues that affect the partnership. There are always some partners who have worse communication skills than others. For those who miss meetings, fines can be helpful to ensure compliance. With newer gain sharing and co-management deals like CJR and BPCI it is imperative that all partners abide by protocols, implant selection and algorithms. Without group buy-in, such programs can fail miserably simply because one physician won't play for the team.

Flexible solutions can benefit the partners in a practice as they deal with different situations. One of the issues we have dealt with extensively in our practice is how to create a system that is beneficial to all partners in different stages of their careers. Young physicians may want a lot of call to pay off debt. Middle aged surgeons want to maintain the practice they have built and benefit from ancillary services while perhaps decreasing call. Older surgeons want to be able to slow down their practices, be off the call panel and still reap the benefits of partnership. This is a tough balance to achieve. All physicians must appreciate the value each member brings.

Several solutions have worked in our private practice. Younger physicians are salaried employees, are granted immediate access to call, but withheld from partnership for 2 years. Partnership for middle aged surgeons brings access to ancillary services and payment based on RVU generation. Older physicians maintain their partnership and access to ancillary services but may also work as non-operative orthopedists in our urgent care as they decelerate their workload.

Dr. Bray:

Among the most important decisions you will make early on in your career is the mutual agreement of associating with members of an existing orthopaedic practice. Regardless of the business arrangement, location, or structure of the practice, the qualities of an ideal practice partner are usually quite similar.

You might be surprised to realize you already know the answer. You want to associate with the same outstanding resident mate for your practice partner: the one who got up at night to help, took great care of your patients, and helped you with call when your spouse or kids were sick. In addition, you were socially comfortable with each other.

Frequently, new associates will join practices with members well-known to the new physician from their residency or fellowship days together. The metaphor which states, "A tiger can never change its stripes" is particularly true here. The resident mate who had a history of showing up late, leaving early, and not completing patient care responsibilities will be the same practice partner.

The orthopaedic community is small and you will live and die by your reputation. It only takes a few phone calls to find out if your future practice partners are physicians of integrity and high work ethic or dumpers, looking for the easy way out. Orthopaedic associates are like classmates or neighbors; you have many acquaintances but only a few great, trustworthy friends. Spend the time and energy honing in on these qualities.

Finally, there is absolutely no association with the quality of one's training and the kind of practice partner they will be. Where they trained or who their mentor was may not matter. As a matter of fact, some of the most outstanding physicians I have personally known have come from less reputable programs and educational backgrounds. Qualities of integrity, hard work and kindness are learned at an early age and, in general, stay with you for life. During your career, there will be life stresses such as aging parents, sick kids, personal illness, and divorces. The partner who can lend a helping hand, be a good listener and keep you focused in time of need is the associate you will be proud to call your partner.

Chapter 7: Financial and Business Education

Mr. Williams:

One of your goals is to make money and grow your wealth. Educating yourself on financial planning matters and the business of medicine is a key to success. Take it seriously. Be mindful of one thing...make certain the information is applicable to YOUR unique situation: high income, high litigation concerns, and high taxation. Not all information is wisdom. Generalized information may not apply to you. Choose wisely.

Dr. Walker:

Perhaps one of the most intimidating aspects of starting your practice is the business side. The intimidation and effort associated with learning the business aspect of orthopedic practice has driven many new residency graduates into employed positions which don't require such knowledge. While we all leave residency prepared for the challenges of operating on our own, making independent clinical decisions and managing patients, most of us are not ready to hit the ground running with regard to the business aspects of practice.

All orthopedists – including those taking employed or academic positions – can benefit from basic financial and business knowledge. Understanding the business basics of running a hospital and an orthopedic practice can provide useful insight. For instance, understanding the importance of accurate and efficient billing practices within the practice can help generate more revenue for the group. In an employed or academic practice, this increased revenue for your group can mean improved bargaining power. In a private practice, this can mean improved revenue for the partners, and perhaps for you.

Understanding the basics of medical business practices can be an invaluable asset to you and your group. I left residency, probably like most of you, lacking any formal business education. However, my fellowship was unique in that it featured a formal business curriculum which emphasized aspects such as billing practices, basic group accounting practices, payment models, hospital business practices, etc.

Much of my business exposure has come from personal interest and on-the-job learning. For those looking to learn more, I suggest meeting with your practice administrators regularly to go through the basics of the business. Seek out business focused courses at the AAOS meeting and subspecialty meetings, such as coding courses. Basic interest, time with your administrators, and a few courses at meetings you are already attending can go a long way to add to your business acumen.

Dr. Althausen:

The decision to pursue additional education in finance and business should no longer be optional for Orthopaedic surgeons today. It is an absolute necessity. Surgeons who do not seek to educate themselves in this arena are irresponsible to their families, partners and their patients. However, the amount of education you require and where you get it depends on your practice situation, career goals and financial goals.

A formal MBA degree can be very helpful. Several medical schools offer this as a four or five year program. I did this type of program over 10 years ago and it has been probably the best career decision I have made on many fronts.

For those surgeons 5 to 10 years in practice without business training there are many executive MBA programs which utilize weekend course and online programs to obtain a degree. Such programs are ideal for the surgeon who wants to transition into a practice or hospital administrative role, become an entrepreneur, or move up the academic ladder. For those who just want more business knowledge multiple options are available.

Business education is far more involved than just billing and coding. However, all surgeons should attend a coding course. There is no excuse to leave money on the table these days, especially as surgeon reimbursement is shrinking. The AAOS and OTA provide yearly coding courses and companies like Karen Zupko sponsor coding meetings at cities around the country. All surgeons should become familiar with coding programs like the AAOS sponsored Code X or Code-it-right. These are easy tools you can place on your computer to maximize your billing and avoid the under or over billing that triggers Medicare audits and results in fraud.

The middle aged orthopaedic surgeon has worked hard to achieve some personal financial security. It is incumbent on each of us to educate ourselves on the basics of personal finance. There are many books and teaching tools which can assist you. In addition, for a good place to start, see the resources at the end of this book. Personally, I have found that one of the most successful educational tools available to me is regular meetings and discussions with my personal financial planners. It is often like having a private tutor. Of utmost importance: selecting the right advisor(s) for you. A reputable, trustworthy advisor is crucial so that you can trust the advice or teaching you obtain is accurate.

There is no substitute for real life experience to teach you business acumen. Attend as many meetings as possible, get involved in multiple committees, and take time to learn the numbers. Understanding the numbers is what sets you apart from doctors who get taken advantage of by hospital administrators. Sit down with your practice CEO to review balance sheets and income statements. Look at each statement for each revenue stream. Slowly you could begin to notice discrepancies and patterns which can help change things to benefit the practice as a whole. Ask questions constantly until you really understand.

Physicians characteristically say yes and nod their head even when they are confused. Admit when you don't understand it and take the opportunity to learn. Imagine doing an operation you had never read about, never watched or never trained for....you wouldn't do it. Don't make that mistake with your business or personal finance. You have a responsibility to the financial health of your practice and family.

Dr. Bray:

Trauma is a global disease with major economic and societal implications. In the United States, trauma is the leading cause of death in the 10- to 40-year-old age group, comprises one-third of all emergency room visits, and costs society approximately a \$500 billion every year. In order to understand the local, federal, and global implications and magnitude of this problem, a basic understanding of medical economics is mandatory.

Recent orthopedic fellowship survey data has suggested that business acumen is equally important to the trauma fellow as the understanding of pelvic and periarticular fracture management. As orthopedic trauma fellows search for employment after graduation, it becomes increasingly clear that hospital-based employment positions are becoming as attractive as private practice models to this generation of traumatologists.

A guaranteed salary, coverage of start-up costs, insurance coverage, leveraged insurance negotiators, experienced management personnel, and in-house legal services are all good reasons to consider an employed position.

However, in order for the novice fellowship graduate to successfully negotiate a fair and equitable employment agreement, it is critical to have some working knowledge of the business issues involved. Just as surgical technique is best mastered by individual exposure between surgeon teacher and fellow student, we also support the theory that personal, one-on-one business teaching is the optimal learning tool for mastering business concepts.

For example, strategic planning has become a major tool utilized by most large, multi-centered health systems as well as smaller healthcare business providers. The development of short- and long-term goals, timetables, budgeting, and outcome measurements are commonplace in these sophisticated business plans. In order for the fellow graduate to succeed in this complex, business-driven healthcare system, they must be educated in goal setting and planning. A fellowship program like this teaches the importance of developing a business plan to interface with prospective employers for personal and program growth in the care of the orthopedic trauma patient.

In general, the fellow graduate's short-term mission is to build a trauma career with longevity that is professionally, personally, and financially rewarding for the surgeon and their family. In other words, the mission and values of the hospital system and the surgeon must be aligned in order for both to succeed.

In 2010, the Patient Protection and Affordable Care Act (PPACA) authorized \$224 million in federal funding for trauma and emergency medical services programs and activities, including reauthorization of the national Trauma Center Stabilization Act, provisions for two \$100 million grant programs; and incorporation of a new Regionalization of Emergency Care Pilot Program.

With increasing federalization of the healthcare dollar and hospitals demonstrating more political strength than physicians locally, the physician has increasingly less influence in the management of their future career development.

It has recently been shown that hospital systems managed by physician business managers perform better against national benchmarks than hospitals administered by business executives without formal medical training. In short, it is becoming increasingly clear that physicians need more business acumen to compete both locally and nationally to help administer the healthcare dollar for the benefit of our patients, our profession, and our professional growth and satisfaction.

One mission of the Orthopedic Trauma Association is to promote education and research. For the first time in a decade, the industrial partners responsible for granting financial support have experienced economic stresses resulting in a major reevaluation of their philanthropic budget. In the future, the orthopedic fellow graduate will be tasked with the responsibility of creating research opportunities

from a nontraditional viewpoint. The fellow graduate with a strong business experience will be able to design and develop consortiums, perform multicenter studies, and participate in national leadership positions to identify appropriately directed research funding. Under the new PPACA, there may initially be grant programs available to support the design of state trauma systems.

In conclusion, the trauma fellow graduate with a strong business background will be able to understand and help direct funding for both personal and professional growth, negotiate better funding for programs that care for orthopedic trauma patients, and design strategic plans that create long-term opportunities for healthcare systems and economic stability.

Chapter 8: Savings and Investing Approach

Mr. Williams:

Discipline equals freedom. Developing positive habits as quickly as possible is critical. Triage your goals. Review your cash flow. Marry the two together and develop a plan.

Dr. Walker:

As most of us leave residency or fellowship, our savings are minimal or non-existent, the vast majority will have student loan debt, and many have some amount of credit card debt. At the same time, many of us are incurring numerous additional expenses. We are starting families, moving, and buying a home. Our children may be starting school, and we may be having additional children. In short, most of us start out with little savings and are spending at a fairly rapid rate to get situated and started in our practices.

Additionally, most of us have not been paying into retirement funds, education funds, and are underinsured. Compared to many of our friends and peers in other lines of work, who have been paying into retirement funds for a decade before we start our practice, we are WAY BEHIND.

For the new orthopedist, I would suggest the goal should be to develop a strategy, and start putting money away in some manner. Unless you are very knowledgeable about personal finance, you should probably consider meeting with a financial advisor. Interestingly, physicians often try to manage their own finances without much advice; however, we consider patients who try to manage their own serious medical issues without advice to be crazy.

Turn the spending trend around, and start contributing to your savings. You will need some liquidity, or an emergency fund. General recommendations on the amount for this fund vary, but 6 months salary is probably a reasonable number. This fund provides for your family should you be involved in an accident, or should some other emergency occur – like the plumbing in your newly purchased house needing to be rebuilt on short notice - or something similarly extensive and unexpected.

Get insured. The major policies you need in place immediately are own-occupation disability insurance, life insurance (this is particularly important if you have a family), and an umbrella policy. Along the same vein, consider legal mechanisms, like placing assets in trusts, for asset protection. On a related note – you need a will. Several physicians in our community have died tragically at young ages in the past year. If this happens to you, what will your family do? If you and your wife died in a car accident tomorrow, where would your children live? Insurance and planning are there to protect and take care of your family if you can't.

Pay down debt, but be smart about how you do that. Pay off higher interest rate debts first. For instance, if you are one of the lucky few whose student loans are consolidated at a low interest rate, consider paying this loan off more slowly, and use the extra money to aggressively pay off credit card debt or higher interest loans. Some people are more debt tolerant than others, who feel that all debts must be resolved prior to investing. Decide your strategy together with your spouse.

Get an accountant. TurboTax and H&R Block are probably fine when you are a salaried employee with few assets, well outside the top tax brackets. As you grow financially, however, your taxes are likely to become exponentially more complicated. Find a professional that knows what they are doing to help keep you out of trouble as well as take advantage of all tax benefits available to you.

Max out IRAs and retirement fund payments. You are way behind your peers, and the way most retirement accounts compound, the earlier you fund these accounts to the maximum, you will end up paying less to achieve the same overall retirement portfolio than if you start paying later.

Start investing. Once you have established some liquidity, obtained a solid insurance base to protect your family, and paid off bad debts like credit cards, it's time to starting investing. Unless you have much experience with this, work with a financial advisor. Decide on a risk profile that you and your spouse can both agree on, and start funding investments as funds allow.

Dr. Althausen:

A physician's savings and investment approach does change with age, family needs and career planning. Certain principles however, should not change. Keep up the good habits you should have started by now:

- Maxing out your 401K or profit sharing, especially if your practice or employer matches contributions.
- Never live above your means, as that is a recipe for disaster.
- Pay yourself first by having automatic payments for your monthly expenses.

The number one best financial decision you can make is to **stay married**. Divorce is the only mechanism by which you are guaranteed to lose 50% of everything you own. Given this fact, if marital issues arise the best financial advice you can get is to slow down at work, attend counseling and spend time with your spouse if your marriage is suffering.

Aside from avoiding marital strife, several other personal finance investment vehicles are important at this stage in your career. Usually by this stage, student loans have been paid off, practice buy-ins have been paid and money is now available for additional opportunities. The average compensation for our career choice places orthopedic surgeons in the highest of tax brackets. As a result, all investment choices should **minimize taxation exposure**.

As educated individuals, all physicians understand the importance of education. The gift of education is perhaps the most important thing you can give your children other than love, support and your time with them. 529 Plans, which are offered by many institutions, are a tax favorable way to save money for your child's education. These plans are filled with money you invest after taxes but can be withdrawn tax-free as long as it is used for education. In addition, this money can be passed between children or family members without penalty as long as it is used for education expenses. In an emergency, funds can be withdrawn for non-educational purposes but the amount withdrawn will be subject to taxes.

Every individual has a different threshold for risk. As a surgeon who makes a significant salary I personally am risk adverse. Although I do have some high risk investments, I do not believe we should risk what we already have. Investment diversification is key. Between family life, avocations, and working in a busy practice, surgeons often do not have time to monitor their finances and investment opportunities at all times. It can be very helpful to have a financial advisor familiar with your personal risk tolerance to do this for you.

Finally, if in private practice, surgeons must be conscious of the fact that most practices need to grow to be successful. Growth requires capital and you, as a partner, will be the source of that capital. Your practice may want to build a surgery center, expand urgent care models or build care suites. Each of these ancillary services has the potential to bring millions of dollars in revenue to your practice, but require investment of your share of personal capital. This type of growth is possible only if each of the partners have the money to support these efforts. Consider your desire to fund your kids' educations, fund retirement plans, buy a home, etc. but make sure to keep in mind the financial needs of your practice and save accordingly.

Dr. Bray:

In most cases, Baby Boomer generation orthopaedic surgeons not only lacked formal financial education during their training period, we found commercial access to financial advice was limited and expensive. Who really wanted to advise young physicians in debt?

The evolution to today's level of sophistication and training of today's financial advisors has now given young surgeons opportunities to get started early in developing long term plans for financial stability. Most of the senior surgeons of today managed their finances by attending classes, reading financial literature, and 'buying' financial advice on an irregular basis.

As the son of a hospital administrator, I was fortunate to be exposed early on to medical financing and spent a great deal of my nonexistent 'extra time' trying to keep up. Despite the time commitment, I was able to personally achieve my family's financial goals without professional management. Rather than paying a commission on our investments to an outside firm, I chose to pay myself and conservatively invest an equal sum to accrue value over time. I actually financed one of my kid's college educations from this investment account.

Basically, I followed the "Bucket Theory" of financial management, hired an accountant of my age, and paid for financial advice from a tax attorney. The "Bucket Theory" of financial management is a common sense way for physicians with little or no training to build a strong financial foundation. Even with professional management, this approach can establish an understandable direction of your financial future. To this day, I am a firm believer that no one has your financial interests as a higher priority than you!

As I approach retirement age with an adequate nest egg, I have finally come to the conclusion that time is more important than money. I needed a financial plan that my wife and family could implement in the event of my premature passing. When I was ready to pay for this plan as an insurance policy for my family's future, it took a full year to select a financial management firm.

Three finalists were evaluated: 1) National and international banking services, 2) an American-based, diversified financial service company and (3) A small, personalized U.S. financial company specializing in physician clients. All may have attributes that suit a particular investor.

In the end, I chose a firm whose business and personal values were appealing to me, specifically as they pertained to the establishment and protection our retirement needs. It is essential to partner with a financial planner that aligns with your values, and whom provides services that will simplify your life and reduce the time commitment needed to get the results you seek.

Regardless of how you choose to manage your finances, remember that high net worth physicians have a target on their back and are frequently preyed upon by deceitful advisors. Whatever your personal needs may be, establish a team that you can unequivocally trust with your money. Your financial life depends on it.

Chapter 9: Professional Guidance

Mr. Williams:

You are a specialist. You work with specialists. Each of these specialists maintains an area of expertise. Your financial life should apply the same methodology of your medical life. Estate Planning Attorney. Contract Review Attorney. Asset Protection Attorney. CPA/Tax Advisor. Financial Advisor. This is your team. Make sure each of these specialists has a practice focus in high net worth, high target, high tax, high income households.

Dr. Walker:

Making mistakes is part of life. Anyone who tells you they don't routinely make mistakes should never be trusted. This being the case, living life, to an extent, is about bouncing from mistake to mistake. Successfully navigating life, therefore, is about minimizing the frequency and impact of these mistakes on your life. Recognizing what you don't know, and seeking help, is a great way to make it through (mostly) unscathed.

When looking for your first job, talk to people who have been in the same situation recently to learn your options. You haven't yet wandered into the waters of employment as an orthopedic surgeon, so chances are you aren't an expert on the pros and cons of each practice style. Some of the recent graduates of your residency program or fellowship, however, probably do know a great deal about the subject. Reach out to these people and educate yourself.

Get an accountant. Tax preparation companies in strip malls and online tax engines are cheap, straightforward ways to get your taxes done. Unfortunately, as your taxes become more complicated, they are also cheap, straightforward ways to overpay, or worse, get audited. Accountants can also help you set up W2s and withhold social security for any household employees, such as nannies. While this may sound unnecessary, if you are employing someone, you want to be above board. The cost will be negligible considering it puts you beyond IRS reproach, especially compared to the money you would spend defending yourself should something go wrong.

Protect your assets and family. To do this, find a good attorney. Step one is a will. While this sounds morbid, life is a gift which can be taken from us at a young age very unexpectedly. Physicians, especially trauma physicians, can tell you that most unexpected deaths were in fact, unforeseen!

In case you should pass away unexpectedly, you must define what happens to your assets and debts ahead of time to protect your family. You and your spouse should define where your children will live as well, and explicitly state how the funds of your estate should be divided to provide for your family in your absence. Your will is obviously a fluid thing, and will change, but you can never start too early. Additionally, a good attorney can help with establishing trusts, corporations, and can assist with asset protection for you and your family.

Finally, unless you have a great deal of experience with wealth management, get some help planning your financial future. There are countless financial advisors out there – meet with several early on, find a fit, and sketch out a plan. As in surgery, random, unguided, blind efforts rarely achieve anything positive. Find someone to help guide you.

Dr. Althausen:

Orthopaedic surgeons are specialists in their specific field of medicine. However, these physicians often encounter issues which often would be best served by consultation with a professional. Unfortunately many physicians attempt to handle these problems on their own with disastrous results. There are many examples where expert advice can avoid problems or shorten the time and effort required to resolve them.

Many stories about specialty selection abound, however the most important accounts involve poor specialty choice. Doctors are either good surgeons or bad surgeons. There is no middle ground. The hardest thing for an orthopaedic surgeon to realize after residency is that they have spent all this time training and are a bad surgeon. In private practice this is a death knell for your career. You have three choices. Your first choice is to become a non-operative orthopedist or change specialties to a medical field. The second solution is to enter the world of academics where others can operate for you. The third is to narrow your focus of practice to a field you can handle well such as primary total joint arthroplasty.

What is required to make the appropriate choice is guidance from a mentor or practice partner who can first be honest in telling a doctor they don't have the skills required. Also, ideally this individual can help guide you towards the next career path.

The hardest job to get right is your first job out of residency. Perhaps the smartest orthopedic trauma fellow I know secured his first job with good preparation, research and a bold plan. In 2005, he researched areas as a resident and fellow that were known for shipping out polytrauma, periarticular fractures, and pelvis/acetabular injuries. He found a hospital in a desirable area and approached the CEO. Together they looked at the data and he discovered that they transferred about \$3 million worth of orthopedic trauma to other facilities. He told the CEO on the spot that he would do it for \$1.5 million a year and took the job that day. Clearly this shows the value of good planning and negotiating techniques. This type of contract negotiating needed no professional guidance or headhunter, but required thorough research and preparation.

Many stories about hospital employed physicians demonstrate the precarious nature of this choice. Multiple young surgeons out of fellowship take jobs for a good salary, buy homes and put their kids in school. After 2 years when contracts are up for renegotiation the hospital proclaims that they are losing money and need to cut salaries. Now these guys are stuck with fixed assets and family issues. The hospital has them captive. These individuals need to seek guidance from those in private practice who seize control of their own destiny. Hopefully, these doctors can switch to a private job within their same community.

One trauma fellow I know well has switched jobs four times in the past 5 years. He is a great surgeon and fantastic guy of sound ethics and moral fiber. In each new job, his wife was unhappy because she is too far from home and a support system. He now has found a job near her home, which improved the situation greatly. The obvious point of this is to communicate with your spouse and be honest as to where you want to live.

Starting your career numerous times is emotionally, physically, and financially unsustainable. Communication issues in your marriage should be addressed early with marriage counseling. If you and your spouse cannot ultimately agree on a mutually fulfilling path, a divorce may be the best option to protect yourself and your family's emotional and financial health.

A typical 20-man partnership has enough examples of poor choices to fill a novel. One well-liked surgeon with 4 kids and a fabulous life had an affair, lost half his net worth in the divorce, entered into a world of substance abuse to self-medicate, and eventually lost his job and has never recovered. His partner then had an affair with a married woman with several children. When the affair ended, she bought a firearm and shot him 7 times through a window while he was with a new girlfriend, then killed herself. After several surgeries he is now back to work but is physically and emotionally changed forever. Both of these examples should make it clear that if you seek professional and financial success, avoid adultery (because you will lose half) and don't use drugs (because you will lose your job).

Professional legal advice is vital in these situations for indemnification of the practice and protection of the reputation and financial health of the partnership. Also, if you find yourself facing a problem with drugs or alcohol, seek professional help immediately and rectify the problem before it affects your work, family and marriage.

Financial planners are quite familiar with the stupid financial choices doctors make. After the lean years of residency, many graduates cannot resist the allure of spending money foolishly. Almost half of the physicians who graduate residency immediately put themselves in a precarious financial position by buying a new house, a new car and expensive toys right away. Given the fact that 50% of doctors end up switching jobs in the first year (finding the right fit can take time) this could not be a more foolish idea. Worst case scenario, they are then stuck with a house they can't sell in a town they can't work in due to a non-compete agreement with toys they can't afford because they have no job.

The idiocy doesn't stop there. Consider an orthopedic colleague, in practice for 10 years, who makes about \$1 million a year. He has always lived above his means despite a massive salary. He bought a million dollar house (now worth \$500k), has 4 cars and 2 kids in private school. He most recently bought a new home before his old home was sold by emptying out his 401k plan. Why does a guy making that much have to empty his retirement account to move to a new home? The answer is poor financial planning. Don't do this. We are specialists in medicine. Seek professional guidance and investment support if you continue to make bad financial decisions. It's never too late to turn things around, but the sooner the better.

Dr. Bray:

You have spent 15 years developing your skill set learning how to manage difficult orthopaedic problems. You have mentors, colleagues, senior practice associates, and professional organizations that function as conduits to assist your problem solving skills. Unfortunately, little, if any, time has been dedicated to developing a similar support system for personal and general life skills.

One of the most underappreciated, yet critical professionals in is the trusted **accountant**. Select a qualified, trustworthy individual and develop a strong relationship with a great accountant. They evaluate your financial health as you do your patients well being. Personally, I selected a small CPA firm for the same reasons I chose Mosaic Financial Associates. These professionals were of my age, had similar family goals and aspirations, compulsively organized and able to be flexible enough to accommodate my hectic schedule. Like you, accountants must pay great attention to detail, manage their time well and be able to explain complex issues in simple, easy to understand language. Using this strategy, my family has had the same accountant for 40 years.

We have never been audited, achieved all of our long term financial goals, and maintain a strong working (not personal) relationship as we develop our retirement strategy. It is critical not to develop too close a personal relationship with your professional managers as they sometimes need to be replaced for suboptimal performance.

A second critical team member is your family **attorney**. Just as our family medicine colleagues provide strong general medical services, your family lawyer should be viewed similarly. They need to have impeccable integrity, offer objective opinions of what needs to be said (not what you would prefer to hear) and, like your accountant, be effective communicators. Life will have all kinds of legal issues that are better answered earlier rather than later. Unruly neighbors, squabbles with car repairs, warranties, and leases are several small examples for which a little advice can go a long way. Remember, high net worth individuals have a target on their back and are more susceptible to lawsuits.

All the major banks have “**Priority Banking Services**”. Establish a relationship with a large bank, close to your office, and familiarize yourself with their services. You will be amazed how convenient a personal banker can be, saving you time and preventing minor inconveniences. As your estate becomes more complicated, personalized banking services may offer discounted insurance plans, loans, and basic investment advice.

Finally, **know when to ask for help**. As you have been taught in the practice of orthopaedic surgery, when you know you are in over your head in the operating room, ask for help. The same holds true in life: the curveballs always arrive at the most inopportune time. The untimely death of a child, missing parents, and family friction, are but a few examples of warning signs that might best be handled with a little support from your professional team.

Chapter 10: Pearls of Wisdom

Mr. Williams:

Time and health are your two most valuable commodities. Treat each with respect. Work hard and play hard. Be the best at what you do in your various roles, doing what you enjoy with the people you love. Life is short.

Dr. Walker:

As the most junior author of the group, I likely have the fewest pearls to contribute. While my string of pearls may seem very short compared to my co-authors, here they are, for what they are worth...

#1: Establish work-life balance. My wife will tell you that I have no business advising on this subject, because while I try, I struggle mightily with it. The importance of this, however, is routinely emphasized by my children. Failing to establish some work-life balance means you will miss precious moments with your children, risk alienating your family and spouse. Your best support network is your family, not your colleagues, so assign them the time they deserve. Remember, on their death bed, "I wish I worked more and made more money," said no one, ever.

#2: Learn efficiency. This is tough as a new surgeon in the workplace, and your first year will challenge you. You are trying to be thorough, friendly, outgoing, and accommodating. Doing all those things efficiently can be nearly impossible, but efficiency will help you in both your practice, and establishing work-life balance.

#3: Know that you don't know things. The most dangerous person is the person who thinks they know something they don't. If you don't know what you don't know, you will never...

#4: Get help, both in your professional and in your financial life. Don't be the cowboy surgeon who takes on things and gets way in over his head or has poor outcomes because he thinks he can handle everything on his own when he can't. Similarly, don't be the guy who wanders life with no financial plan only to realize you aren't financially ready for retirement when you want to retire.

#5: Learn the business of your trade. Think of this more simply. The guy who flips burgers at a fast food restaurant who never bothers to learn anything other than how to flip burgers never advances to manager. Fundamentally, the complex world of healthcare is no different. Those who fail to learn the business aspects of the trade and remain technicians, albeit very well educated and trained, do not advance to the extent they could with greater understanding.

#6: Roll with the punches. Healthcare today barely resembles what it looked like when my father entered practice in 1983. Chances are, it won't look much like it does now in 2046 either. Be ready to adapt.

#7 : Embrace the idea that the patient's needs come first. This is the primary value statement of the Mayo Clinic, and one of the most powerful pieces of professional guidance ever spoken. Follow this value, and your professional life will never go astray.

#8: Know your goals, and ponder your legacy. For me, my goal is provide for my family and retire at an age where I am healthy enough to spend time with them as they build families of their own. I am fortunate enough to love what I do, but for me, my job is a means to an end. The end is providing for my family. When I am long gone, my legacy will be my wonderful children. So for me, #1 on this list is of crucial importance. Knowing what your goals are will help you structure your life – personal, professional, and financial – in order to maximize your chance of achieving your goals. Failure to identify goals, or worse, pursuing the wrong goals for you, can lead to disaster. Know thyself!

Dr. Althausen:

Keep in mind these simple, but difficult, pearls:

- Stay Married!
- Hire slowly, fire quickly.
- Pay yourself first.
- A good practice CEO is worth their weight in gold.
- Make the effort to understand the business of medicine.
- See changes in healthcare as opportunities.
- Find a good financial planner.
- 80% of orthopedics will become outpatient surgery in the next 5 years. Prepare accordingly.

Dr. Bray:

One of the pillars of advice for our new trauma fellows is, “*work hard and be nice to people.*” This seems like a simple, non-descript offering. However, when you dig deep and think about its meaning, there is a world of advice here.

Hard work is an outstanding quality of good character; the person who puts effort into completing a task in a timely fashion and has pride in the outcome leads life by example. It sets a standard for their family, co-workers, and fellow physicians. We are fortunate to be gifted as orthopaedic surgeons, to wake up every day and earn that right again and again.

Being nice to people is simply restating the golden rule: treat people the way you would like to be treated. If you have ever been a patient, this quality comes into hyper-focus. Smiling, using kind words, and being a good listener will help propel your career immensely.

Albert Einstein once said while riding a bike in Santa Barbara, “In order to keep your balance, you must keep moving forward.” One can only assume he was referring to the importance of life’s balance of work, play, family, religion and fitness is critical to keep your growth and emotional stability moving forward. We spend so much time mastering the skill set to be outstanding physicians that sometimes we find ourselves out of balance. Work hard to keep your bike moving forward.

Finally, William Wordsworth was credited with stating that “the best portion of a man’s life is his little nameless, unremembered acts of kindness.” This is especially true in a small community where the pediatric patient you cared for grows up to be a Navy Seal and shares a weekend in their training facility with you. Another patient becomes a professional athlete and invites you to the sidelines for a game. Even the server at the coffee shop that you over-tipped and comes to the office to thank you 20 years later.

Our privileged position in our community, whatever form that takes, allows us to over extend ourselves personally and financially. I can assure you, giving a little each day will repay you incredible rewards. Work hard, be nice to people, stay in balance and give a little each day. At the end of your career, you will have no regrets.

Chapter 11: Mistakes

Mr. Williams: *While some lessons must be learned first-hand, a wise person can avoid a lot of pain by learning from the mistakes of others. With our combined experience, we have seen all of the following mistakes made, as well as their immediate and long-term negative consequences.*

Critical Financial Planning Mistakes

- Procrastinating, or altogether avoiding the development and implementation of a plan
- Personalized license plate, e.g. ERMD, OBGYNMD, KNEEDOC, etc.
- Attempting to time the market
- Not protecting your income with disability insurance
- Trying to engage legal matters on your own
- Getting tied up in promotional schemes
- Investing in higher risk items prior to having the foundation in place
- Becoming house poor and /or overspending on vehicles
- Not getting all aspects of the employment contract in writing
- Not engaging in tax management strategies
- Not engaging in asset protection strategies
- Not identifying proper advisors, such as CPAs, Estate or Asset Protection Attorneys

Dr. Althausen:

1. Sexual harassment of medical assistants, nurses or O.R. personnel: This is the fastest way to lose respect. 99% of these lawsuits favor the defendant. Just don't do it.
2. A related mistake would be sexual relationships with office staff: This situation is bad for reputation and morale. As one old partner said, "If you are gonna do it, just don't stop!"
3. Signing an employment contract with the hospital: Often, they can and will cut your salary 2 years later once you have bought a house and have kids in school.
4. Dishonest documentation will cause you to fail the boards, get sued and put the entire practice at risk for Medicare audits.
5. Alcohol or drug abuse quickly earns you, and the group by extension, a bad reputation.
6. Doing cases above your skill level is not only bad for patients, bad for the O.R., and bad for your reputation. Those risks are never worth the extra money.
7. Ignorance about the business aspects of your practice: You want a seat at the table when decisions are being made. If you don't meet with your billers or coders, you will leave money on the table.
8. Not investing the time to train your medical assistant: These employees can make or break your practice. Teach them how you want it done.
9. Poor or no communication with your schedulers costs you in the long-run. They control your referrals and clinics. Let them know what you want to see and be nice.
10. Being rude to hospital nursing staff: Your call life becomes hell. They have a very long memory. You need protection at night.
11. Not having a pain contract: You need a pain agreement for patients or you put your practice at risk.
12. Not carving out time for your family: You can never get this time back. Your kids' success depends on you and your marriage needs constant work. Both need your time and attention to thrive.

Introduction to Case Studies:

The goals of these case studies are to provide a 'typical' framework for guidance. Each of our contributing authors, as noted, is at a different phase of their career. To that end, each case study is segmented as such: the first case study is the orthopedist in training, or who is recently entering practice, the second case study reflects the parameters typical for a partner of around 15 years, and case study three is the orthopedist who is preparing to retire.

Their family financial details are outlined, along with their goals at this stage of their life. You may recognize some of the situations or goals as being similar to your own. Taking a look at some examples of what other successful people in your field are doing can provide a good starting point for your own planning. As you review the case studies, consider your own situation. What are your own goals? What are the topics that you might want to research further? Where are the gaps in your existing plan? What challenges or changes might be waiting at the next step of my career?

Case Study 1 - Orthopedist in training → entering practice

Dr. Hipsome Household details:

- Married, one child
- \$225k student loans @ 6.8%
- Matched to trauma fellowship
- \$2,000 total savings
- Monthly cash flow is \$150 per month surplus
- Currently renting home
- \$8k of credit card debt - rotating to keep low rate

Goals discussed:

- Purchase home upon joining practice
- Pay off school loans
- Protect income
- Protect family
- Education funding
- Retirement funding
- Will have one or two more children
- Potential buy-in for group

Recommendations

Phase 1 - PGY1 to Fellowship:

- ✓ Determine student loan payoff options.
- ✓ Consider Roth 401/403 instead of pre-tax accounts.
- ✓ Utilize available employer match only.
- ✓ Do not fund beyond that level until Roth fully funded.
- ✓ Protect your income with specialty specific disability insurance.
- ✓ Fund a separate Roth IRA up to the maximum of \$5,500.
- ✓ Evaluate Roth conversion on employer sponsored plan, if applicable.
- ✓ Select strategically managed portfolio, as budget allows.

Phase 2 - Final eight to six months of training:

- ✓ Protect income (if not already).
- ✓ Employment contract review.
- ✓ Evaluate home financing options, including doctor loan programs in your area.
- ✓ Develop future cash flow analysis (or establish current and future expected budget).
- ✓ Identify and triage planning goals.
- ✓ Establish your foundational financial plan.
- ✓ Consider private funding options for student loans.

Case Study 1 Recommendations (Continued):

Phase 3 - Starting practice to partnership:

- Purchase a home, if you are confident in your position and location.
 - *Note: Buy a home that fits your financial situation, not the "maximum you can afford".*
- Fund non-deductible IRA with annual conversion to Roth IRA, after verifying the strategy with your CPA and financial advisor.
- Utilize employer/practice sponsored retirement plan. At a minimum, fund to the amount of the company match. Maximum-fund the retirement plan if suitable.
- Confirm the structure of partnership and surgery center buy-ins under consideration.
- Increase disability insurance commensurate with income.
- Purchase umbrella liability policy through property casualty insurance company.
- Consider convertible term life insurance with layered terms. Avoid common pitfall of paying for longer terms than needed.
- Establish legal planning: Work with attorney and financial advisor to coordinate plan with legal
Implement the next phase of planning.

Case Study 2: Partner 15+ years

Dr. Kneester Family details:

- \$200k student loan refinanced with private lender at 3.75% over ten years
- 3 children: ages 1, 3 and 5
- \$50k in cash savings
- Monthly cash flow surplus is \$15,000
- Own a home with \$850k Mortgage 30 year fixed at 4.5%
- Funding 401k at \$18k per year.
- Funding profit sharing plan at \$36k per year.
- Not funding IRAs (income is too high).

Goals discussed:

- Pay off school loans
- Protect family
- Kids' College Education funding
- Appropriate risk management strategies
- Legal & estate planning
- Maximize retirement
- Minimize taxes
- Taper workload at age 60
- Continue wealth accumulation

Recommendations

- Increase personal liability umbrella policy.
- Increase disability insurance.
- Develop proper education funding strategies.
- Make sure the savings can be used for specific goals.
- Utilize tax managed strategic money management for non-retirement positions.
- Identify possible alternative or non-correlating investments (REIT/BDC/etc).
- Evaluate medium and long-term goals including purchases of significance.
- Maximize retirement contributions balancing taxable and tax free buckets.
- Tax diversification is just as important as asset diversification!
- Consider utilizing flexible life insurance for death benefit, tax-free growth/distributions, asset protection and estate planning.
- Update legal planning.

Case Study 3: Approaching retirement to retirement

Dr. Shoulderon Household details:

- 3 children
- Home and Student loans paid off
- \$150k in bank savings/checking emergency reserve
- \$3M in various investment accounts
- Monthly cash flow is \$15,000/mo surplus
- Funding 401k at \$18k/year
- Funding profit sharing plan at \$36k/year
- Funding IRAs at \$11k/year (\$5.5k each)

Goals discussed:

- Confirm spouse will be able to maintain standard of living at death of primary income earner
- Appropriate risk management strategies
- Emergency reserve efficiencies to improve yield (multi bucket)
- Establish strategy to leave each child with \$1M at second death, with minimum tax/plan risk.
- Finish working at age 65, maintain standard of living
- Protect wealth

Recommendations

Phase 1 - Approaching retirement:

- Update legal documents.
- Determine retirement objectives.
- Develop expected retirement budget. What does retirement look like for you?
- Avoid percentage of prior budget "rules of thumb".
- Evaluate Rollover IRA options.
- Consider ILIT (Irrevocable Life Insurance Trust) for wealth transfer.
- Establish your distribution plan.
- Determine your estimated base income NEED and overall income WANT.
- Discontinue disability insurance.
- Review personal liability umbrella policy.

Phase 2 - In retirement:

- Required Minimum Distribution plan- don't wait until the last minute. Strategize PRIOR to age 70 ½.
- Evaluate gifting strategies to minimize estate. How much would you like to leave behind?
- Discuss "Spend and replace" strategies.

Conclusion

Our goal in writing The Orthopaedic Success Manual is to provide a one-of-a-kind resource for Orthopedists at any stage in their life. Combining personal and professional insights and pearls of wisdom from three Orthopaedic Surgeons at different phases of their careers presents a spectrum of perspectives.

Additionally, the insights from a financial advisor with over 15 years experience working with Orthopedic Surgeons provide practical expertise via case studies. This publication provides the most unique offering available today to educate Orthopaedic Surgeons interested in growing and protecting their wealth, from training to retirement. We hope that you found this information to be useful, pertinent, and empowering.

OK, so you have read this manual. Now what?

There are several tools available to help you get started on your own personal wealth plan. What follows in the appendices are additional resources to help you go deeper. Appendix one contains links to several power point presentations and articles concerning the Orthopedic Surgery industry as a whole, as well as two presentations concerning personal financial planning topics for Orthopedic Surgeons.

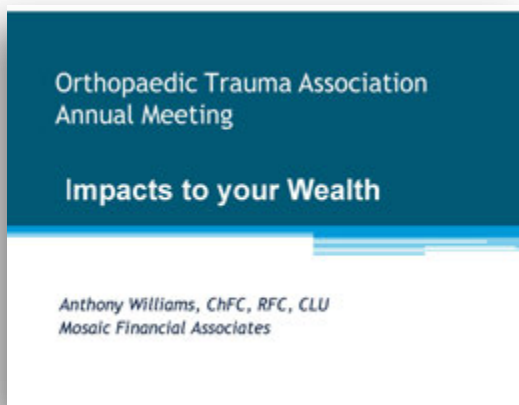
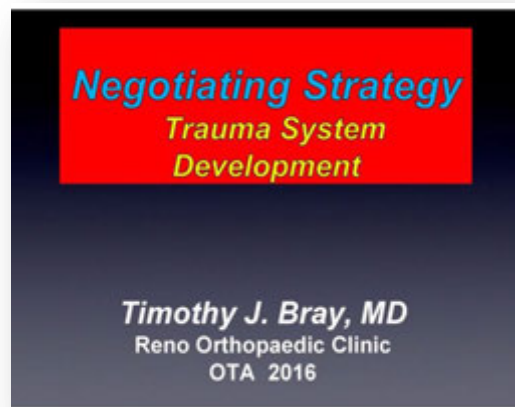
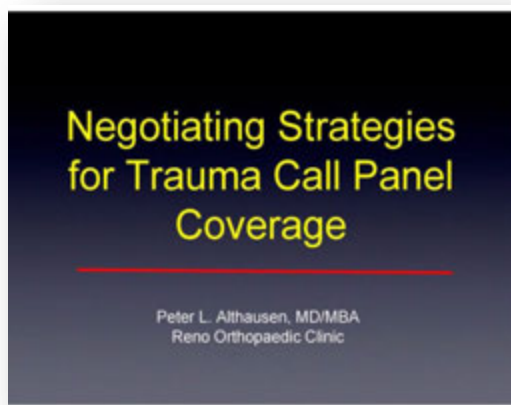
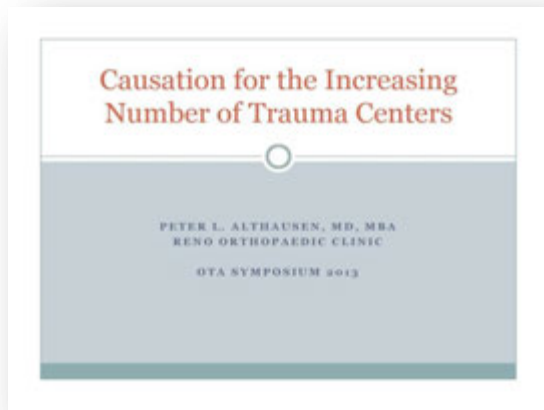
In Appendix II, you'll find links to additional articles written by Mr. Williams pertaining to financial planning topics. In Appendix III, we've provided complimentary resources used by Mosaic Financial Associates which can help you start organizing your financial life: Budget worksheets, a risk tolerance quiz, and a video about Mosaic's Client Portal, a wealth management website used by Mosaic clients. These tools, along with the guidance of a trusted financial professional, can help you determine if you're on track to meet your goals.

A timeline for getting started financially is similar to a new patient relationship. First, "intake". This involves examination of your financial situation in entirety. Once you've taken some time to take stock of your own personal balance sheet and budget, the next step involves setting your goals. The "Confidential Information Form" can help you organize your starting point, as well as illuminate any areas needing attention and outline a path toward reaching your goals.

Going even further, The Mosaic Client Portal uses cutting-edge technology to help you keep track of your entire financial life as well as your progress toward each financial objective, such as a child's education, your retirement, or a major purchase.

As you seek to build your team of professionals, do your research. One of the best ways to locate an estate planning attorney, CPA, or financial advisor is to ask a satisfied peer for a referral. A colleague's introduction can help you locate a professional that will likely fit your needs faster than a simple Google search. These professional relationships are meant to be long-lasting, so take your time finding the right fit, making sure that the expertise, personality, and tools offered fit your needs.

Appendix i: Orthopedic Practice Resources



[Navigating the Orthopaedic Trauma Fellowship Match from a Candidate's Perspective](#)

Griffin, Sean M; Stoneback, Jason W

Journal of Orthopaedic Trauma, December 2011,25():S101-S103

Supplement Article

[Finding Your First Job in Academics: Interviewing Strategies](#)

Siegel, Jodi

Journal of Orthopaedic Trauma, December 2011,25():S104-S107

Supplement Article

[Finding Your First Job in a Community Hospital](#)

Osborne, Aaron G

Journal of Orthopaedic Trauma, December 2011,25():S108-S110

Supplement Article

[Building a Successful Trauma Practice in Academics](#)

Stannard, James P

Journal of Orthopaedic Trauma, December 2011,25():S111-S112

Supplement Article

[Building a Successful Trauma Practice in a Community Setting](#)

Althausen, Peter L

Journal of Orthopaedic Trauma, December 2011,25():S113-S117

Supplement Article

[My First Year in Academic Practice: What I Learned, What I Wish I Knew, What I Would Do Differently](#)

Liporace, Frank A

Journal of Orthopaedic Trauma, December 2011,25():S118-S120

Supplement Article

[Things You Never Thought of That Make a Difference: Personal Goals, Common Sense, and Good](#)

[Behavior in Practice](#) Watson, J Tracy

Journal of Orthopaedic Trauma, December 2011,25():S121-S123

Supplement Article

[Research: Getting Started in an Academic Setting](#)

Obremskey, William T; Archer, Kristin R

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Supplement Article

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Appendix ii: Financial Planning Resources

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Appendix ii: Complimentary Personal Financial Planning Resources

- [Confidential Information Form](#)
(Including Budget Worksheet and Risk Profile Questionnaire)
- [Financial Education Videos](#)
- [Mosaic Client Portal Video Link*](#)

*Mosaic Client Portal is a sophisticated software program available for clients of Mosaic Financial Associates. Many financial planning firms offer online account access services; this is one example of myriad offerings available. Websites and smart phone applications, both free and paid subscriptions, abound for money management purposes. Be sure you understand the benefits, security features, and functionality before signing up or entering and linking your personal information.

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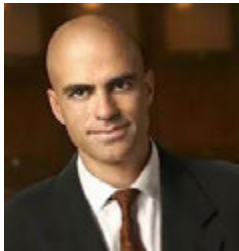
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