

Joint Replacement Surgeons of Indiana



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Successful Strategies in Orthopaedics:

Hospital-Based Employment

Joint Replacement Surgeons of Indiana Research Foundation

St. Francis Hospital
Zimmer, Inc.
Biomet, Inc.
Medical Compression
Systems



St. Francis Hospital Indianapolis/Mooresville

Practice History

- 1986: 3 surgeons - TJR.
- 1992: 4 surgeons - TJR/Sports.
- 1998: 6 surgeons - TJR/Sports.
- 1999: Merger Mania - 4 groups.
- 2001: 5 surgeons - TJR.
- 2002: 6 surgeons - 2 Offices.
- 2003: 7 surgeons - TJR/Sports.
- 2006: 9 surgeons - Retirement.
- 2008: 6 surgeons.
- 2010: Hospital Employees.

Distinctives

- JRSI Research Foundation.
\$300,000+/year.
All six surgeons.
- Surgery Center.
3 of 6 physicians.
Joint Venture with Hospital.
- Medical Staff~Practice~Section.
- Limited Ancillary Income.
- HealthGrades: #1 Indiana 5 yrs.
- MOB Ownership.

The Center for Hip and Knee Surgery

1986-2008



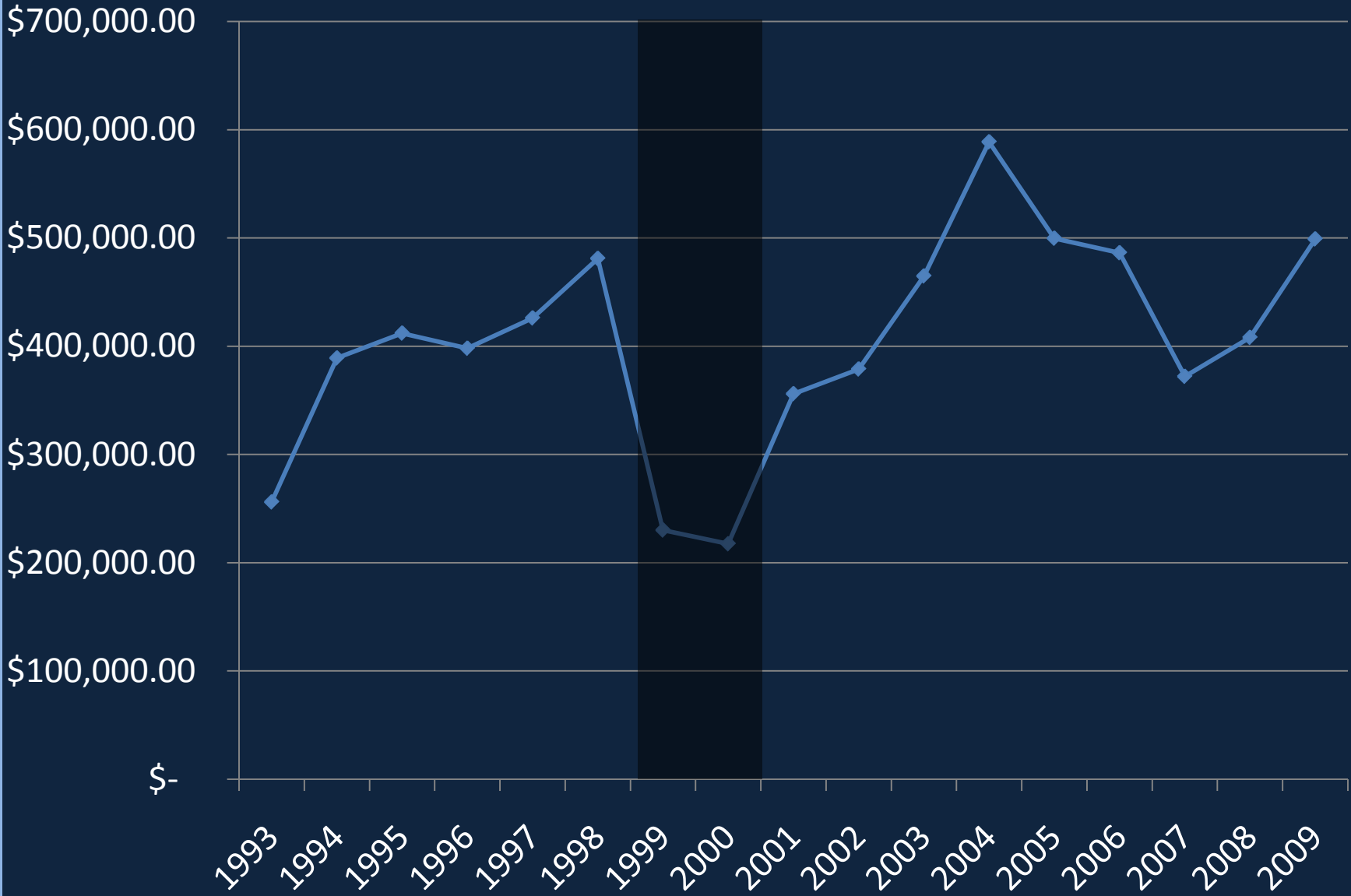
2008



Why Employment?

- Ancillary Income Limited.
- Practice Expenses.
- Reimbursement.
- Physician Retirement.
- Call/General Hospital/Board.
- Practice Management.

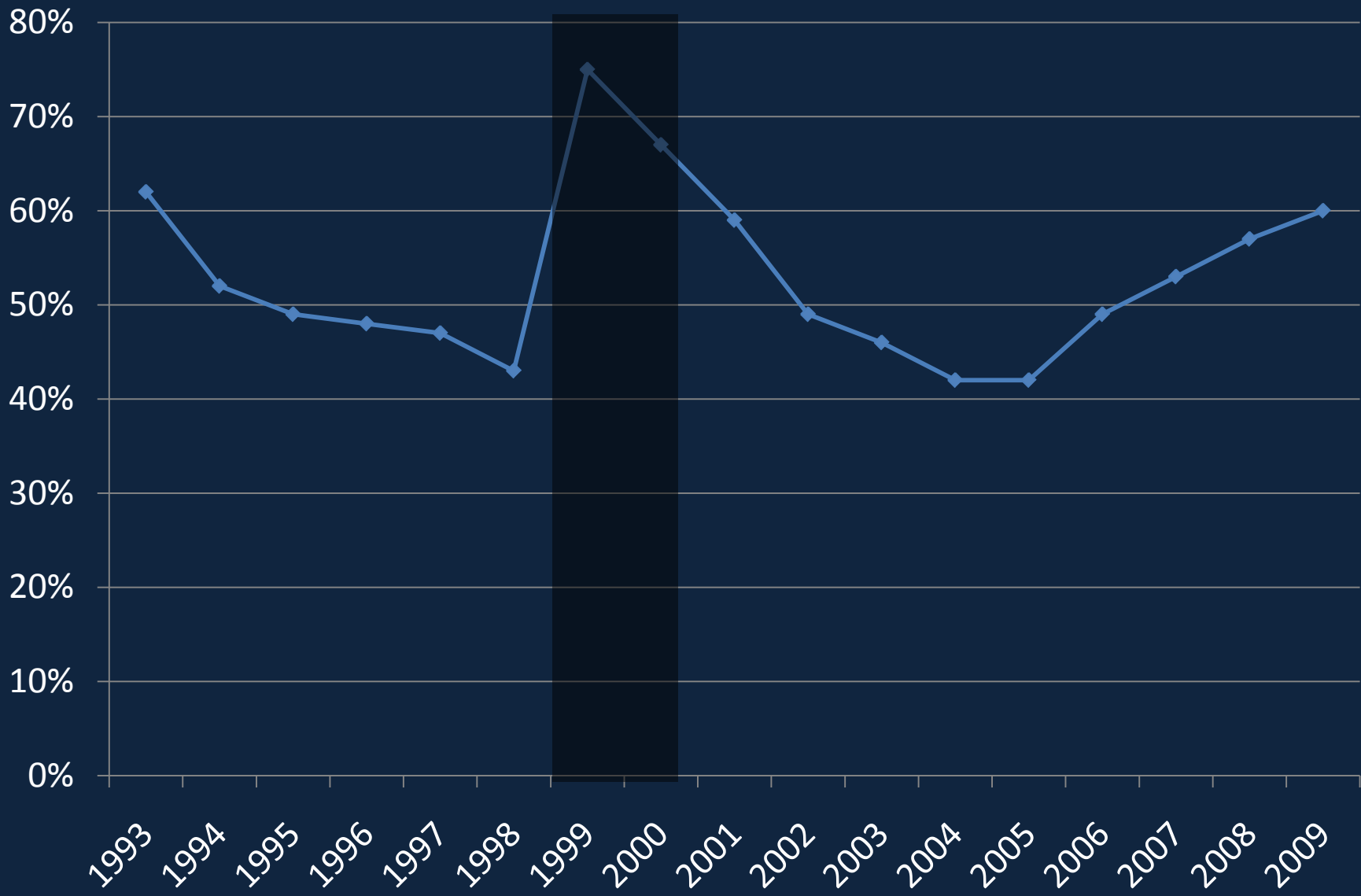
Income



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Why Employment?

- Ancillary Income Limited.
- Practice Expenses.
- Reimbursement.
- Physician Recruitment.
- Call/General Hospital/Board.
- Practice Management.

Negotiations

- 18 months.
- Legal Representative.
- Accounting: Pro forma.
- Term Sheet.
- Physicians.
- Hospital Team.
- Practice Purchase.

Key Elements

- Asset Purchase Agreement.
- Physician Compensation.
- Employee Contract.
- Incentive Compensation.
- Practice Oversight.

APA

- Equipment.
- Supplies.
- Contracts.
- Permits.
- Records.
- Employees.
- AR - 9 months.
- Not a practice purchase.

Key Elements

- Asset Purchase Agreement.
- Physician Compensation.
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- Incentive Compensation.
- Practice Oversight.

wRVU Intervals	TJR Conversion Factor with Call	TJR Conversion Factor without Call	Sports Conversion Factor with Call	Sports Conversion Factor without Call
0-2,925	\$35.00	\$28.78	\$37.00	\$30.78
2,926-5,850	39.00	32.78	41.00	34.78
5,851-8,774	47.00	40.78	49.00	42.78
8,775-9,208	61.50	55.28	63.50	57.28
9,209-9,644	62.25	56.03	64.25	58.03
9,645-10,078	63.00	56.78	65.00	58.78
10,079-11,365	63.50	57.28	65.50	59.28
11,366-12,652	64.25	58.03	66.25	60.03
12,653-13,936	65.00	58.78	67.00	60.78
13,937-14,746	65.25	59.03	67.25	61.03
14,747-15556	65.50	59.28	67.50	61.28
15,557-16,364	66.00	59.78	68.00	61.78
16,365+	66.00	59.78	68.00	61.78

Key Elements

- Asset Purchase Agreement.
- Physician Compensation.
- Employee Contract.
- Incentive Compensation.
- Practice Oversight.

Contract

- Term - five years.
- Non-compete.
- Call.
- OH/Benefits.
- Incentives/Bonuses.

Key Elements

- Asset Purchase Agreement.
- Physician Compensation.
- Employee Contract.
- Incentive Compensation.
- Practice Oversight.

Physician Incentive Compensation

Quality - Hospital		\$150,000
SCIP/CMS Indicators	(\$120,000)	
HealthGrades Rating	(\$20,000)	
Patient Satisfaction	(\$10,000)	
Efficiency - Hospital		\$200,000
Clinical Pathways	(\$125,000)	
OR Utilization	(\$39,000)	
Start Time	(\$23,000)	
Staff Retention	(\$13,000)	
Prosthesis		\$200,000
Office		\$50,000
Patient Satisfaction	(\$10,000)	
Referring Physician Satisfaction	(\$20,000)	
EPIC Implementation	(\$20,000)	
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		\$600,000

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MI STAKES!

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- Physicians.
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Positives

- Income Stability.
- Practice Management.
- Financial Risk Less.
- Government Regulations.
- Medicaid/Uninsured/Charity.
- Assistants.
- Employee Benefits.

Negative

- Medicaid/Uninsured/Charity.
- Efficiency.
- Employee Relationships.
- Meetings/Meetings/Meetings.
- Entrepreneurship.

Neutral

- Patient Care.
- Contracts.
- Referrals.
- Office Hours.
- Call.
- Market Share.
- Some Employees.
- Ancillary Income.

How has Life Changed?

- Very Little.
- Same Culture.
- Same Hospital.
- Some New Employees.

The Most Important!

- One or Two Surgeons.
- One Administrator.

Thank You

JOINT REPLACEMENT SURGEONS OF INDIANA
CENTER FOR HIP AND KNEE SURGERY
ORTHOPAEDICS AND SPORTS MEDICINE

