Due to declining reimbursement and physician demands, hospitals are often challenged to meet their Emergency Department (ED) and trauma call panel requirements in the absence of providing call pay to physicians. As such, the prevalence and associated expenditures of physician on-call pay continue to rise.

SullivanCotter’s 2012 Physician On-Call Pay Survey respondents indicate that two-thirds of physicians providing on-call coverage receive some form of on-call pay. Payment is typically provided in the form of a stipend or hourly rate; however there are a number of different and evolving types of arrangements. Key emerging pay practices related to the provision of call pay and their prevalence, as reported by survey participants, is shown below:

Emerging On-Call Pay Practices

<table>
<thead>
<tr>
<th>Distribution of On-Call Pay</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds are paid to individual physicians</td>
<td>72%</td>
</tr>
<tr>
<td>Funds are provided to the medical group for distribution</td>
<td>16%</td>
</tr>
<tr>
<td>Organization-wide pool of funds distributed at the service line level</td>
<td>8%</td>
</tr>
<tr>
<td>Organization-wide pool of funds distributed at the departmental level</td>
<td>4%</td>
</tr>
</tbody>
</table>

When structuring on-call pay arrangements, organizations are cautioned to consider regulatory issues including the Stark Law and Antikickback Statute. Each of these requires that physician compensation arrangements fall within fair market value (FMV) and are commercially reasonable. Penalties for noncompliance are severe and can include fines of $11,000 per claim as well as treble damages for false claims. Exclusion from Medicare and Medicaid programs, intermediate sanctions and imprisonment may also result.

The Department of Health and Human Services Office of the Inspector General (OIG) has issued three helpful Advisory Opinions concerning physician on-call pay arrangements (07-10, 09-05, 12-15). Each addresses specific factors for consideration, for example:

- Physicians are paid for “tangible” services, as opposed to lost opportunity.
- Compensation for call coverage is calculated in advance of services being provided.
- On-call pay is not offered only to select physicians or physician groups within a particular specialty. In other words, the call pay should be offered to all physicians providing services within a particular specialty area.
- Aggregate on-call payments are proportionate relative to the physician’s regular practice income.
- Physicians are responsible for providing both inpatient and follow-up care, without additional compensation, to patients admitted by the physician.

The majority of organizations provide call pay to individual physicians; however, there are other methods for determining the distribution of the call pay funds. The chart below summarizes these distribution methods.
Consider the following factors when developing or reviewing an on-call pay arrangement:

**COMPENSATION PLAN CHECKLIST FOR ON-CALL PAY ARRANGEMENTS**

**Physician specialty area:** On-call pay rates vary significantly by specialty area. Surgical specialties are generally paid more than medical specialties.

**Frequency of call coverage:** The amount of call coverage physicians provide is an important factor when evaluating whether on-call pay is appropriate and reasonable and can impact the actual rate paid for coverage.

**Number of available physicians on the call panel:** The fewer the number of physicians available to serve on a call panel, the more shifts of call coverage each physician on the panel must provide. This increased burden heightens the likelihood that the physicians will receive on-call pay.

**Likelihood of the physician to be called in:** Specialties in which physicians are most likely to be called in tend to receive the highest on-call pay rates.

**Acuity of care:** Physicians serving on a trauma call panel are more likely to be compensated for call coverage and the rates are generally higher than physicians providing general ED coverage.

**Provisions for uncompensated care:** Consideration should be given to the patient population. In environments with large uninsured or underinsured populations, the likelihood increases that physicians will require call pay.

**Employed physician call pay:** Call pay for employed physicians should not overlap with any base salary they may be receiving for clinical work during the call coverage period.

**KEY TERMS:**

- **Commercial reasonableness:** The broader business issues associated with a compensation arrangement, e.g., a demonstrated community need for a particular specialty or service.
- **Concurrent call coverage:** Arrangement in which a physician provides on-call coverage for more than one hospital within the system at the same time.
- **Excess call:** Compensation for call coverage paid only after a specified amount of uncompensated coverage has been provided.
- **Fair market value:** The value in arm’s length transactions, consistent with the general market value, i.e., compensation that would be included in a service agreement as the result of bona fide bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party, at the time of the service agreement.
- **General emergency department call:** Call coverage provided for general emergency department services.
- **Restricted call:** Physician must remain on the premises for duration of call coverage shift.
- **Telephonic call:** Compensation to treating physicians for providing telephonic consultations with no immediate obligation to present to the hospital.
- **Trauma call coverage:** Call coverage provided for trauma services only.
- **Unrestricted call:** Physician is not required to remain on the premises, but must respond to calls within a specified timeframe.

As health care reimbursement shifts from volume-based to value-based patient-focused care, new models of compensation are emerging for physicians and advanced practice clinicians. SullivanCotter specializes in working with health care organizations to align physician recruitment, retention and productivity strategies with quality outcomes, patient satisfaction and efficiency through effective compensation approaches. We know the physician labor market, compensation and benefit trends and understand the need to compete for medical talent.

**PHYSICIAN COMPENSATION CONSULTING SOLUTIONS INCLUDE:**

<table>
<thead>
<tr>
<th>PLANNING AND DESIGN</th>
<th>GOVERNANCE</th>
<th>FAIR MARKET VALUE</th>
<th>PRACTICE VALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Base Salary</td>
<td>• Process</td>
<td>• Total Compensation</td>
<td>• Methodology</td>
</tr>
<tr>
<td>• Incentives</td>
<td>• Board Education</td>
<td>• Professional Services Arrangements</td>
<td>• Due Diligence</td>
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<td>• Benefits</td>
<td>• Philosophy</td>
<td>• Administration</td>
<td>• Acquisition Strategy</td>
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<tr>
<td>• Co-Management Arrangements</td>
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<td>• Individuals and Groups</td>
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<tr>
<td>• Alignment Strategies</td>
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<td>• Physician On-Call Pay</td>
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In its 8th year, SullivanCotter’s 2012 Physician On-Call Pay Survey Report delivers comprehensive benchmarking data detailing on-call pay rates for more than 180 organizations and more than 40 physician and advanced practice clinician specialties. This annual survey is the only one of its kind that reports rates by physician specialty and type of on-call pay.

For more information about SullivanCotter and our services, visit sullivancotter.com or call us at 888-739-7039.