

# Physician Contract Reviews – Contract Diagnostics



Jon Appino's firm, [Contract Diagnostics](#) is one of my long term advertisers. I thought an interview with him about physician contract reviews would be interesting to readers. This is a rough transcript of the interview.

**Tell me about your background, your business, and how you got into it.**

I've been an entrepreneur since I was young. I started a company when I was 17, another at 20. After college and an MBA I worked in numerous locations for a major pharmaceutical company in various roles, one being contracting and negotiating major reimbursement contracts with oncologists. During my work there I made many physician friends and found there was a significant need for a better physician contracting process.

I put together focus groups with residents, fellows, staff physicians, program directors, and established private practice physicians to build the Contract Diagnostics model. I put together a great team of lawyers and benefit advisors to provide a great deal of value to our physician clients. So, the process is really what physicians wanted – we just administer it. We really enjoy what we do and the physicians

we help. The appreciation and excitement they have after what is usually a stressful process makes us continuously want to serve more physicians.

We believe there is a better way to do physician contract reviews. That is why it's all we do. Contract reviews are 100% of the business here at Contract Diagnostics.

### **Who is your typical client?**

All of our clients are physicians, the majority, probably 65-70%, are soon to graduate residents and fellows within 2-18 months of finishing. They are looking for answers to questions about their contract and want to make sure there aren't any red flags in it. We do academics and private practice from subspecialty pediatrics to neurosurgery. We also do reviews for attending physicians renegotiating contracts or changing jobs. Three months ago I had a 68 year old family doctor integrating into the hospital. We've also looked at contracts for large practice hospital integrations and partnership agreements. Many of our reviews are just quick "check the box" reviews. It's 100% physicians for now although we may branch out soon to start doing mid-level contracts in the future. But we don't do any divorce or trial work or any type of law.

### **Tell me about your pricing and packages and what they include?**

Our most popular package is the "Advanced Review." About 76% of our clients choose this option because they think it is a good value and gives them all the information they need. We basically do a "triple review"- from a legal, a benefit, and a compensation perspective. We redraft the entire contract and condense it into a two page easy to understand version so the doctor can understand all the important aspects of the contract. We then attach our thoughts about what should be deleted, added, or modified and then typically spend an hour to an hour and a half educating them on the phone. We also [provide current salary data] for their specialty and state.

This includes benefits, RVUs, collections, retirement contributions, and salary differences between men and women, and US and international grads. Since all we do are physician contract reviews, our internal database is very robust as well. Physicians can call us as much as they want with questions for 12 months. This package currently costs \$700, but if you're still in training, you can pay \$200 now and \$500 (flex-pay plan) once you start getting your attending salary. *[Update 11/2017: The flex pay is now \$200 now and \$100 a month until everything is paid off.]*

Our most comprehensive package is the "negotiation review." You get all the same stuff as in the advanced review, except we'll do all the negotiations.

We also offer a "basic review." This is similar to the advanced packages, except we spend less time on the phone with you, about a one hour call without the ability to call us with questions down the road. We still rewrite the contract for you and do all the education except we don't address the compensation data. This is \$400 and we don't allow the "flex pay" option on the basic review.

Finally, we offer a "quick review." We don't rewrite the contract, we just look at the highlights and go over them with you in a 30 minute call. That runs \$200. Most people use this one when they have multiple contracts or academic contracts. We do a quick review on all of them, then do an advanced review at a discounted price on the selected contract.

**I have a friend who is an attorney. What benefits can you provide that he cannot?**

This is all we do, so we're better at it. We're up to date on all the nuances in medical contracts. We understand the fee structures, so it is more than just a legal perspective. You're going to get a much better review than you're going to

get from a malpractice or divorce attorney. We do a lot more education, which is much different from what others are doing.

**Isn't all this state specific? Do I need an attorney licensed in my state?**

There are not many nuances between different states, but we keep track of them. We're comfortable doing contract reviews for all 50 states. Some of the more important specifics vary by specialty. The differences between a private practice nephrologist, a hospitalist, and a hospital employed pulmonologist can be just as important as any difference between states. Since 100% of our work is physician contracts, we are well versed in answering questions on these topics.

**What happens if you negotiate too hard with a potential employer? Is there a downside to having an attorney represent you in contract negotiations?**

The pluses of having us do the negotiating is that we're good at it. We're used to asking for things. We can say "This is standard, this is what we're seeing across the country" because we do this every day. And we can walk people (both employee and employer) through the process. It may save you time and get you more because of the way we ask. Of course, we hope you can do this yourself after an advanced review, but if you prefer, we're willing to do it for you.

We don't scare them off by hammering them. Our role is to find common ground, rather than have an adversarial confrontation with an "us vs them" mentality. We're very friendly and reasonable and don't ask for outlandish things. We've never had an employer get frustrated or upset or pull an offer because we did the negotiating for the physician. Our calls are typically very well received.

**Does the doc get more money if you do the negotiating?**

Sometimes. Our negotiation for a cardiologist recently got the

physician an extra \$127,000 over 5 years. Sometimes we are able to get you more money, but more typically, the additional benefits we get for you are non-monetary- improvements in call schedule, more vacation, changes in the termination clause, the non compete, the tail insurance etc.

Chances that we'll get you something extra are pretty good, but it's also the time savings. It also depends on what kind of a job it is. I had an academic emergency physician taking a job in the Northeast recently that I told I didn't think we could do much to improve his contract if we did the negotiating. However, with a private practice nephrologist in Texas, we can get an awful lot. So it depends. It's almost always worth the \$1000, but every situation is different. We do let people upgrade from the advanced review" to the "negotiated review", but not from the other packages.



### **What are some common mistakes doctors make with contracts?**

The biggest error is that they don't have anyone look at it and don't understand what it actually says. They just figure, "Well, if it's the standard contract I might as well sign it." The next most common error is not understanding what I call the "what-ifs." What happens when things don't work out? 46% of doctors leave their job after their first contract is up. There is an awfully good chance a new residency grad isn't going to be in the same job 3-5 years out of residency. So they need to look at termination issues, being let go with or without cause. What happens if you leave on your own? What happens to the signing bonus, relocation bonus, tail insurance etc.

Another pitfall is complex payment structures like RVUs are very useful to understand and compare. Most doctors have

reasonable compensation expectations, but don't really know what a fair RVU arrangement looks like. Women especially benefit from seeing the male/female compensation data. Like in every profession, women aren't necessarily paid as much as men. Many doctors just can't tell if their offer is a generous offer, an average offer, or a particularly subpar offer, and we can help with that.

**Anything else we should know about your firm or contracts in general?**



We do everything in house and don't outsource anything, so the quality is high. This service isn't a commodity due to our unique process. You shouldn't go to the lowest bidder.

Thank you Jon Appino and [Contract Diagnostics](#) for your time and support of The White Coat Investor. Did you have your contract reviewed? Who did you have do it? Were you happy with the process? If you did it again what would you do differently? Any contract horror stories? Sound off below in the comments section!