**PAL Homework**

Session #2 for the upcoming PAL course is titled "CASH is King". While I have never known of someone being fired for legally making "too much" money for their system, I am aware of individuals who were relieved of their administrative positions due to running a department, research division, or School of Medicine too far in the "RED". In order to make fiscally responsible decisions, physician leaders need to understand their system's revenue production, source of funds, expenses, and who controls these allocations.

As a leader you will be asked to invest or acquire resources for Salary Increases, physician hires, clinical research, bench research, education, and numerous other requests. You will all be on the presenting and receiving end of "What does it cost?". Whether it's space, equipment, staff/physician time, or other items, some monetary equivalent (CASH) will be used to calculate total cost.

**Your Homework**

Since we were asked to employ a flipped classroom, each of you will review all or parts of your pre-work assignment. Please take time to review the attached questions. Some of you may know all of the answers already but for those who do not and even if you do, you are asked to review and be prepared to discuss your answers. We know that most, if not all, systems have similar and different processes, in regard to revenue production. After a brief introduction (10min), each of you will be assigned to one of 4 small groups with an experienced physician/administrative leader to serve as discussion facilitator. Discussion will be done in 2 (30 minute) sessions. Each group will have an experienced faculty member to assist with the discussion of how each member of your group's systems are similar/different. Group members will be asked to present some of the pros and cons of their structures. The short article below provides an example of pros and cons when reviewing physician compensation models.

Reference: [https://resources.nejmcareercenter.org/article/physician-compensation-models-the-basics-the-pros-and-the-cons/](https://nam12.safelinks.protection.outlook.com/?url=https%3A%2F%2Fresources.nejmcareercenter.org%2Farticle%2Fphysician-compensation-models-the-basics-the-pros-and-the-cons%2F&data=05%7C02%7CCox.Jamie%40mayo.edu%7Cb22b3558f9a4400b019708dd415d900c%7Ca25fff9c3f634fb29a8ad9bdd0321f9a%7C0%7C0%7C638738592275763161%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=JgbqwBvdvyzpMlnkde%2FPiohFZ7ElJHo%2BtJba0Uv%2Fsm0%3D&reserved=0)

**Session II**

CASH IS KING!!

* What is your organizational structure?
  + University/Public or Private University
  + Medical Center Only
  + Hospital and School in the same system?
  + Other?
* What is your Medical School’s relationship to a university or health system? Is it part of the university, but separate from the health system?
* Did your school of medicine's operations end up in the black last year? o Did your department?
* Does your department have financial reserves?
  + If yes, are there restrictions on how they can be used?
* What are the primary sources of departmental revenue?
* Clinical %
* University support %
* Hospital/School of medicine support %
* Research %
* Composition% of department expenditures
* Physician Salary/Wages/Benefits %
* Staff SWB %
* Office Space %
* Research %
* Education %
* Who does your clinical billing and collections?
  + Department
  + SOM Service
  + Health System Service
  + Outside
* Does your department receive a set dollar per wRVU, percent of cash collections or don’t know?
* What is your physician group collection rate? Your department’s collection rate?
* How is your physician clinical work calculated? Do they have targets (cash/RVU/visits)?
* Do your physicians have opportunity to earn salary (cash) above their base? Metrics/Volume/Quality?
* Does your department receive funds for Medical Directorships?
* What type of directorships?
* Who provides these funds? The university, school of medicine, or hospital system?
* Does your department receive funds for ...
  + Physicians' salaries %
  + Teaching %
  + Research %
  + Travel %
  + Professional Development %
* How are these funds and the amounts determined? Don't know?
* Do these amounts vary year to year? If yes, why and how?
* When hiring a new physician/faculty, does your department receive funds for .....
  + Recruiting
  + Salary/wages support
  + Start-up costs
  + Ongoing costs (after pt year)
    - If so, where do they come from?
* Ask your administrator or chair what are the top 2 financial stressors for the department?