

# Physician Compensation Survey Data - What's Included and What's Not Included?

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Appropriate use of physician compensation survey data requires both experience in practical application and knowledge of the survey data definitions. Not surprisingly, some of the most common questions regarding the compensation surveys deal with the underlying contents of the data. The purpose of this article is to provide a brief overview of the components of total compensation within the survey data and to outline certain items incorrectly thought to be included in the survey data.

## **Total Compensation Defined**

According to the 2011 MGMA Physician Compensation and Production Survey (2011 Report Based on 2010 Data), MGMA requests that physician participants provide total compensation based on the following guidelines:

“State the amount reported as direct compensation on a W2, 1099, or K1 (for partnerships) plus all voluntary salary reductions such as 401(k), 403(b), Section 125 Tax Savings Plan, and Medical Savings Plan. The amount reported should include salary, bonus and/or incentive payments, research stipends, honoraria, and distribution of profits.”

Although MGMA alone has been considered in this commentary, it is advisable to thoroughly read the definition of total compensation from any survey considered to ensure that the underlying definition is understood.

## **What's Included?**

Based on the description provided by MGMA, the total compensation numbers include a physician's salary, contracted medical compensation, and partnership distributions. Salary data is typically associated with the medical practice of the physician, while contracted or 1099 compensation may be associated with call hospital call coverage services, medical directorship services, and/or other administrative services. Importantly, voluntary salary reductions of the physician are included as compensation.

Additionally, it is commonly thought that the survey data reflects physician compensation for “professional” services only and excludes all compensation from “technical / ancillary” services provided. Although this may be true in certain circumstances for survey respondents employed by hospitals, the vast majority of private practice physician respondents report compensation derived from technical / ancillary services.

## **What's NOT Included?**

Although the MGMA description above clearly defines the components of total compensation, questions frequently arise regarding what is “not” included in the numbers. Specifically, the employer's or practice's cost of physician benefits, retirement contributions, and payroll taxes are not included in the compensation data. Further, the physician's cost of malpractice insurance, professional licenses, and dues/subscriptions are completely excluded from the compensation totals. Lastly, any other fringe benefits such as life / disability insurance, automobile expense, or cell phone expense provided by the employer or practice are not included in the compensation data.

## **Conclusion**

Survey data can be confusing and easily misused. Whenever a question arises about the underlying contents of the survey data, it is always best to research the issue or simply pose the question to a physician compensation valuation expert.