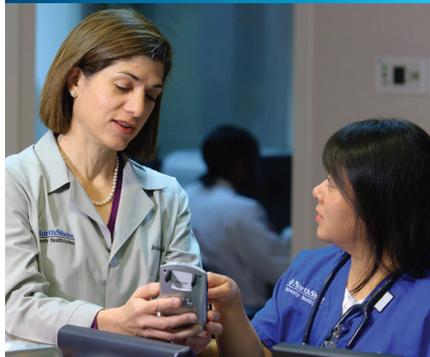




Physician Briefing Series

Compensation and Benefits

Offering a highly competitive compensation package, a financially strong organization and infrastructure to support your practice growth



 **NorthShore**
University Health System
Medical Group

Physician Briefing Series | Compensation and Benefits

Dear Colleague,

From soaring costs to declining reimbursements to increased infrastructure requirements, physician compensation is under siege as never before.

In this difficult environment, I am very proud that NorthShore Medical Group offers physicians highly competitive compensation, a slate of benefits that simply aren't available in most private practices, the security of a financially strong organization, and an infrastructure that supports ongoing practice growth. Collectively, these advantages have allowed us to attract and retain top talent across medical specialties.

I invite you to read further and to share this information with colleagues who might be interested in what makes NorthShore Medical Group a better place to practice.

Joseph Golbus, MD

President, NorthShore University HealthSystem Medical Group

Physician Compensation Under Siege

Operating Costs Up Collections Down Reimbursements Flat

Of the many practice management challenges physicians face in the current environment, maintaining compensation levels is their #1 concern, according to a recent survey by the Medical Group Management Association.¹

And it's no wonder. Medicare reimbursements have been flat over the past decade. And according to MGMA data², operating costs have gone up 54% and collection of charges is down 13%.

The New York Times reports that economic, political and personal factors are causing many physicians to reconsider the private-practice model. In 2005, more than two-thirds of medical practices were physician-owned; three years later, less than half were independent. And the trend is likely to accelerate with the implementation of health care reform.³

In contrast to the private practice model, the Healthcare Advisory Board reports that joining a hospital or health system affords physicians access to costly technology, an opportunity to increase efficiency and reduce medical errors, and the benefits of a strong market position.³

¹ "Medical Practice Today: What Members Have to Say," Medical Group Management Association, August 2009.

² MGMA Cost Survey: 2009 Reports Based on 2008 Data, October 2009.

³ Healthcare Advisory Report Daily Briefing, March 26, 2010 .

Compensation Challenges and Solutions

NorthShore Medical Group has built a solid business platform to support all sides of the physician compensation equation: compensation models that are market-based, fair and equitable, productivity-based bonuses, favorable relationships with health plans, economies of scale that reduce expenses, and “best in class” billing and collection systems. It also allows our physicians to focus on what they trained to do – take excellent care of the patients we serve.

Further, our physicians enjoy the security and stability of being part of a thriving, quality-focused market leader. That means we have ready access to capital funds for investment in state-of-the-art clinical equipment and facilities. All these advantages and others allow the physicians of NorthShore Medical Group to advance our goals of being the best place for physicians to practice and the best place for patients to receive care.

Compensation That is Competitive and Equitable

Challenge: “It’s hard to tell if our compensation is competitive with the market. How do I know if I’m getting a fair deal in a big group setting?”

Our Solution: Our compensation system is externally competitive and internally equitable. We benchmark our compensation and productivity levels against more than 50,000 physicians nationwide, using the database of the Medical Group Management Association, the largest collection of such data available. These comparisons help us to continually monitor and respond to trends. Internally, payout rates are the same within a given specialty to ensure equity. We work continuously on the maintenance of the compensation model as well as communication with physicians to ensure they have all their data related to their compensation and the model, assuring transparency.

Challenge: “It would be nice to be able to count on a regular salary.”

Our Solution: Under our compensation model, physicians enjoy the security of a defined base salary based on established productivity levels. They have the piece of mind that comes with a regular paycheck every two weeks, regardless of fluctuations in collections, unexpected costs, and the like.

Challenge: “But I’d also like the opportunity to earn more.”

Our Solution: Our compensation model combines security and opportunity. Our base salaries serve as a “floor” not a “ceiling.” As our physicians increase their productivity, they can increase their compensation through bonuses (as frequent as each quarter).

Challenge: “I worry about the financial hit involved in transitioning to a group.”

Our Solution: We work to make the transition as smooth as possible. And we provide an initial income guarantee based on prior year documented earnings as a “floor.” Many new members end up exceeding their floor during the guarantee period and take home earnings above their guaranteed minimum.

Bottom Line: *Taken in total, our physicians have both income security and the opportunity to turn their productivity gains into higher income.*

Benefits That Matter to You and Your Family

Challenge: “My malpractice insurance is too expensive.”

Our Solution: As a self-insured health system with a strong organizational focus on risk prevention and patient safety, malpractice insurance costs are typically well below that otherwise available in the market. And we provide substantially better coverage – protecting individuals on an “occurrence-basis” rather than the more common “claims made” model.

Challenge: “Private health insurance coverage is very costly.”

Our Solution: We offer comprehensive employer-sponsored medical and dental plans. Plans include several options within and outside the NorthShore University HealthSystem for you, your family, and your employees.

Challenge: “I’m concerned about retirement and my long-term financial security.”

Our Solution: NorthShore Medical Group offers several options for a secure retirement, including a 403b tax-deferred plan with a variable corporate match, a pension plan funded by NorthShore and a 457b income deferral plan for additional savings. All this, plus peace of mind from knowing that NorthShore is a strong, stable organization with a secure future.

Challenge: “I worry about my family if something should happen to me.”

Our Solution: We provide term life insurance at three times salary (with service enhancements that serve to increase the benefit up to three times W2 income) to the physician, plus the option for purchasing supplemental coverage, along with excellent short-term disability, long-term disability, and accidental death and dismemberment coverage.

Challenge: “I hardly ever get time off.”

Our Solution: Independent physicians often find it difficult to break away for real vacation time. NorthShore Medical Group offers 22 vacation days per year, plus personal days and holidays. And, with our EMR and network of physicians backing you up, you can rest assured that your patients are well cared for so you can enjoy your time away.

Challenge: “I need to invest in continuing medical education.”

Our Solution: We offer annual CME funding to support ongoing professional development.

Challenge: “What about help with college costs for my children?”

Our Solution: As the primary teaching affiliate of the University of Chicago Pritzker School of Medicine, physicians who meet eligibility requirements (including but not limited to: a faculty appointment, five years of service and at least 32 hours per week of work) are eligible for tuition assistance of up to \$12,000 (per year per dependent) for classes taken as a requirement for enrollment in an undergraduate degree program from an institution (as designated by the North Central Association of Schools and Colleges) for each dependent child, spouse or domestic partner.

Challenge: “I would like to be able to defer pre-tax dollars for personal or family medical expenses.”

Our Solution: We offer flexible savings plans that allow you to save pre-tax dollars for qualified healthcare expenses (up to \$3,000 annually) and dependent care expenses (up to \$5,000 annually).

Bottom Line: *NorthShore Medical Group provides an exceptional benefits package to physicians and their families that most private practices cannot match.*

Systems That Support the Financial Health of Your Practice

Challenge: “Negotiating contracts and dealing with health plans is a huge hassle.”

Our Solution: We enjoy strong relationships with virtually all the health plans and have negotiated multi-year contracts. And because we deal with so many plans, our physicians have access to a larger, more stable patient pool; even when patients change plans they can stay in our practice.

Challenge: “We’re buried in billing and coding paperwork.”

Our Solution: As part of our “best in class” revenue cycle, our user-friendly EMR system reduces errors in coding and helps ensure all procedures are properly billed and physicians are compensated fully for services performed. A staff of certified coding professionals provides support to help you get appropriately paid for the services you provide – lessening your risk of unintentional errors in a heightened regulatory environment.

Challenge: “My staff spends too much time trying to collect unpaid balances.”

Our Solution: Our professional billing experts take care of this headache for you. In fact, we are among the industry’s leaders in collection efficiency and fewest days in accounts receivable, creating a “best practice” revenue cycle.

Challenge: “Identifying and recovering insurance underpayments is difficult and time-consuming.”

Our Solution: Our sophisticated software tools – the kind that are often out of reach for independent practitioners – identify and recover discrepancies between contracted fees and actual payments. It’s all automated, saving office staff the extensive legwork involved in performing these tasks manually.

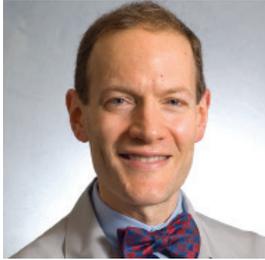


Challenge: “Many of our claims aren’t paid the first time we submit, creating re-work for my staff.”

Our Solution: A fully automated charge entry process and a rigorous charge review system mean claims are submitted “clean” the first time and errors are minimized. This process cuts weeks in accounts receivable and significantly reduces the chances of inadvertent coding errors. Our automated, on-line eligibility verification system confirms patient eligibility with their health plans to minimize and prevent payment issues.

Bottom Line: *Our physicians are backed by infrastructure systems that support their practice success - so they can focus on the care of their patients.*

Physician Testimonials



“One of the best things about joining the group is the personal economics. Between better reimbursements and higher productivity, you definitely have the ability to earn more here.”

– *Steven Eisenstein, MD*



“My compensation overall has been much improved. I’m working just as hard as I did in private practice, but I’m earning one-and-a-half times more.”

– *David Soo, MD*



“In private practice we had very few benefits – no life insurance, no disability, terrible health insurance – but it was the best we could do. We didn’t think much about it when we were young and single, but now with families it makes a huge difference.”

– *Timothy Poland, MD*



“Even though I’m part of a group, I still have the autonomy I require – when it comes to medical decisions, I call the shots. At the same time, I have several physician partners, so I’m able to achieve a reasonable balance between work and my home life.”

– *Julie Holland, MD*

NorthShore Medical Group – a better place to practice.