

Determining the Costs to an Orthopaedic Surgeon of Serving On-Call

A white paper sponsored by the

California Orthopaedic Association

Task Force on On-Call Costs

Mark Wellisch, Chair

Saul Bernstein, M.D.

Ralph DiLibero, M.D.

Stephen Hurst, M.D.

Michael Laird, M.D.

Diane Przepiorski

Purpose:

To establish a mechanism for specialists, such as an orthopaedic surgeon, to determine their direct and indirect costs on serving on-call in the emergency room. Stipends charged by specialists to compensate them for these on-call costs are offset by the value to the hospital and, in a larger sense, society of having specialists' skills available to the emergency room.

Problem:

Hospitals have, in the past, undervalued having specialists available to the emergency room to the point of not reimbursing specialists for their services. This has caused more and more specialists to drop off the call panels. Hospitals now faced with Emergency Medical Treatment and Active Labor Act (EMTALA) ¹ requirements are desperate to staff the call panels which has caused friction between the hospital administration and the hospital medical staff.

Previous incentives for physicians to serve on-call have all but disappeared. An on-call physician can no longer expect the emergency room to provide new patients to build their practice. Captive managed care patients with emergent problems are referred directly to contracted doctors in their networks. This leaves mostly uninsured or Medicaid patients to be treated by the on-call panelist. There is no or inadequate payment for these patients. In fact, the specialist incurs costs when providing follow-up care in their office, (e.g., x-rays, durable medical equipment, etc.).

Recently hospitals needing more specialists to cover their call panels are starting to negotiate stipends or other financial incentives to pay specialists for their services. Thus, the need to establish a rationale for the cost to have a specialist serve on an on-call panel is needed.

¹ EMTALA requires a hospital to screen any individual who comes to the emergency department and requests an examination or treatment for a medical condition to determine whether an emergency medical condition exists, and if one does, to stabilize or transfer that patient without any delay caused by inquiry into the individuals' method of payment or insurance status.

Factors to consider in the costs of on-call:

1. Lost revenue when an emergency preempts the daily scheduled office or OR routine.
2. Increased staff and practice expense costs – rescheduling patients, increased patient load, obtaining medical records.
3. Higher liability exposure
 - a. unknown patients who have no preexisting relationship with the specialist
 - b. multiple problems increase patients’ risks
 - c. more complex problems sometimes beyond one’s specialization to treat
 - d. non routine late hours increase risks for errors
4. Fatigue decreases the next day’s work efficiency.
5. Ill will is created with existing patients who find appointments cancelled or are rescheduled to another day.
6. Reduced reimbursements (if any) for follow-up care including medical supply costs of treating ER patients jeopardizing practice viability and displacing economically viable patients.
7. Personal life disruptions; educational, family, etc.
8. Toll on health and psychological well-being.
9. Aged physicians cannot physically do the call and some of the physical work involved.
10. An unhappy patient and an unhappy physician are both forced into a relationship that neither would otherwise elect; forced to a prelude for unhappy consequences.

Method to calculate reimbursement:

Time related reimbursement can be calculated by determining the daily rate a specialist earns by dividing one’s yearly gross charges by the days worked each year. Reimbursement then is expressed as a multiple of that daily rate or any fraction of multiple of that rate.

Night call is reimbursed at a similar rate since one is not routinely available at night except when on-call to the ER and one’s expenses still exist at night (except office salary expenses).

There are additional factors to be considered:

- a. High liability risks
- b. Lost opportunities to earn in the routine scheduled office and OR hours
- c. Additional costs to provide follow-up care
- d. Lost personal time
- e. Intensity of on-call experience (Level I to Level III call)
- f. Age of orthopaedist

Calculation Formula

<u>Day Call Rate</u>	Gross Charges/Days Worked
+	Premium for increased liability risk
+	Premium for additional office costs
+	<u>Premium for intensity of call</u>
=	Rate per day of Day Call

Night Call Rate Day Call Rate multiplied by Night Premium

Conclusion:

This White Paper identifies various areas that an orthopaedic surgeon should consider when determining what it costs them to serve on-call. We have concluded that a simple calculation based on one's own personal financial situation versus any set standard, provides the best mechanism for helping you evaluate and establish these costs. The calculation can and should be modified by the "additional factors" to customize one's results.

This methodology has several strengths. It can be adapted to any practice setting or geographic area. It is flexible and can take into consideration the intensity of one's own practice, differentiating between an orthopaedic practice that is very busy versus one that may be less busy; thus, it is market-driven. An orthopaedic surgeon who is building his/her practice or slowing down their surgical schedule will have lesser costs of serving on-call and may be more likely to want the extra work. This will be reflected in their calculation and would be a better "deal" for the hospital when negotiating on-call fees.

It is important to note, that the on-call liability costs in California are not broken down by the medical liability carriers. They assume that all orthopaedic surgeons are taking call and they factor that into their medical liability rates. We believe that taking call increases your liability and risk of lawsuits. Currently all orthopaedic surgeons in California are paying those costs whether or not you are taking call.

Obviously, the calculation is personal and proprietary. There is no need to provide the hospital with a tax return or any other information about your practice or finances.

We believe that this White Paper provides a useful tool to help orthopaedic surgeons in California establish their costs of serving on-call.

Approved by COA Board of Directors – May 1, 2003.