

Carnahan Group Special Topics Review

APC Supervision Compensation

September 2021

Summary

Presently, 248,000 nurse practitioners and 115,500 physician assistants practice across all sites of care in the United States.¹ Physicians perform oversight of nurse practitioners, nurse midwives, certified registered nurse anesthetists, clinical nurse specialists, and physician assistants (collectively, “APCs”). The number of APCs and amount of care they provide is expected to continue to increase as the shortage of physicians grows larger. State laws vary regarding the ability of APCs to practice independently, whether on-site supervision is required, and the number of APC FTEs a physician is allowed to supervise. In addition, the utilization of APCs varies by type of medical practice (e.g., primary care, surgical, hospital-based, independent, etc.), spectrum of skills and experience of the APC, practice setting, and scope of services performed.

In independent, or private practice settings, APCs are usually directly employed by the physician-owners, and the oversight of APCs occurs naturally through the assignment of a supervising physician. The value of supervision is generally realized through the profitability generated by the APC, which may accrue directly or indirectly to the supervising physician. In the hospital-owned setting, the question arises as to whether supervision carries compensable value. The answer to this question is increasingly, yes. However, the challenge with physician supervision of APCs is not just to determine how much it is worth, but what method of payment is most appropriate and effective. Moreover, any payment to a physician for APC supervision must be within the bounds of fair market value (“FMV”) and be commercially reasonable.

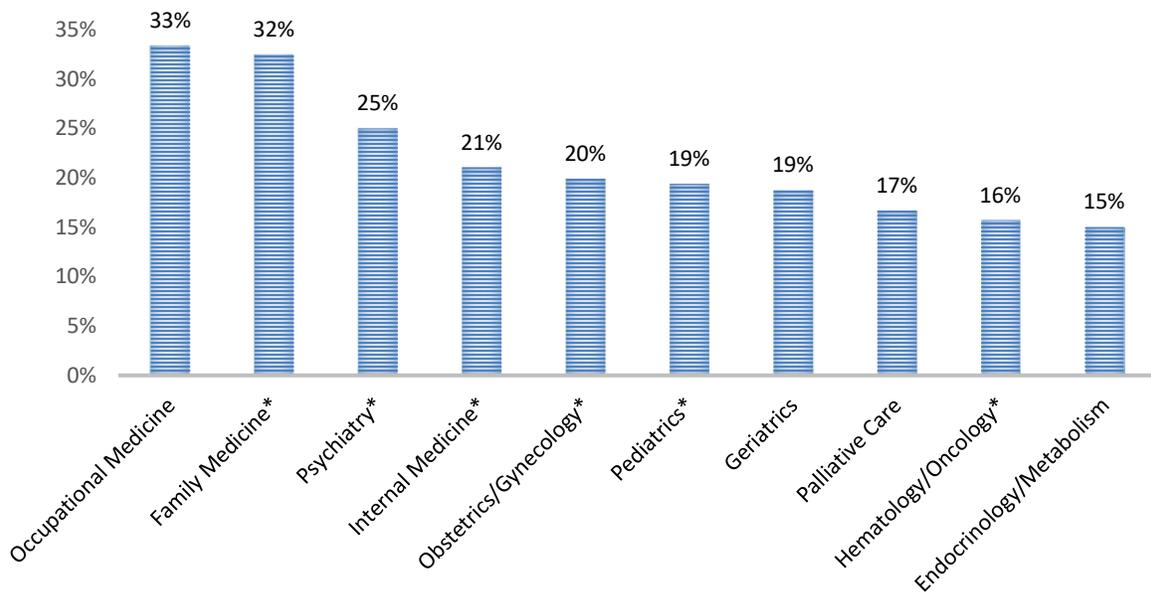
Although new models are emerging², Carnahan Group observes that the most common form of compensation for physicians performing APC supervision is an annual stipend. The following observations regarding compensation for APC supervision are based on a review of 3,989 submissions to the FMV-MD™ Compensation Compliance Network which provide insights into the most common compensation practices for APC supervision.

¹ <https://www.ajmc.com/view/from-the-editorial-board-sachin-h-jain-md-mba-2021>

² Under value-based or care team models, it may be reasonable to credit physicians with some portion of the clinical productivity of APCs. Before implementing related compensation methods, appropriate due diligence must be performed to ensure compliance of such arrangements, and that the total compensation of the supervising physician is within FMV.

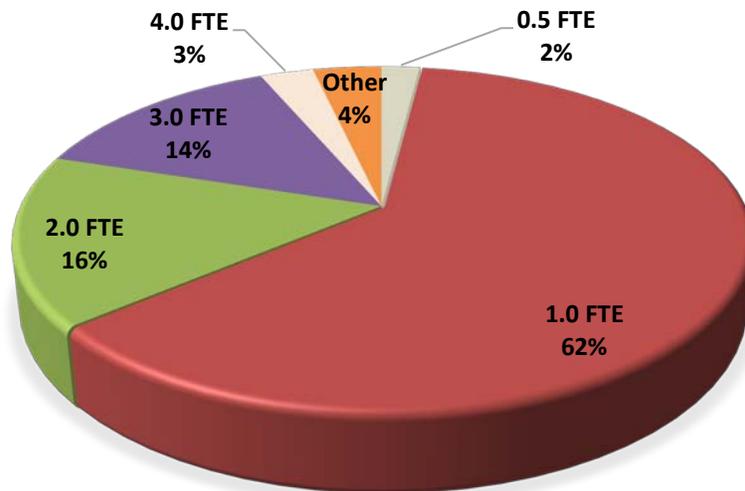
Carnahan Group Proprietary Data

PERCENT OF COMPENSATION ARRANGEMENTS WITH APC SUPERVISION PAY BY SPECIALTY³



³ Total number of physicians with APC compensation in specialty/total number of physicians in specialty. (Top 10 specialties by percentage). *Represents combined subspecialties.

NUMBER OF APC FTES SUPERVISED PER PHYSICIAN⁴



APC SUPERVISION COMPENSATION PER 1.0 FTE APC⁵

APC Supervision Compensation Per FTE	Annual Amount
N Population	355
Minimum	\$1,000
Maximum	\$30,000
Mean	\$11,359
25th %tile	\$6,000
Median	\$12,000
75th %tile	\$15,000
90th %tile	\$18,000

How We Can Help

Carnahan Group has valued countless physician compensation arrangements that include APC supervision payments. FMV-MD™ empowers Carnahan Group's clients with the ability to enter compensation terms for contracted and employed physicians including clinical, on-call, administrative, academic, benefits, and bonuses to generate instant FMV analyses. Additionally, Carnahan Group utilizes proprietary data, such as the above, to aid in our determination of fair market value and commercial reasonableness.

Carnahan Group is a national health care consulting firm specializing in strategic, business, and compensation valuation services. The firm also performs community

⁴ Percent of the number of APC FTEs supervised per physician when APC compensation is present.

⁵ Statistics on APC compensation per FTE supervised across all specialties. The most common annual stipend amount was \$12,000.

APC Supervision Stipends

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health needs assessments, physician workforce analyses, and planning along with strategic advisory services. Carnahan Group's clients encompass large integrated and academic health systems, physician practices, various ambulatory care providers, rural hospitals, as well as pharmaceutical and device companies.

Please contact Carnahan Group for additional information or a focused analysis on APC supervision compensation.

Prepared by Dan Fraser and Dan Stech

Disclosure: Carnahan Group is neither a law or accounting firm. Appropriately qualified accounting and legal advisors should be consulted to help ensure compliance with regulatory, tax and legal compliance requirements.