

Mind the Gap

Negotiating Your Way to Better Pay

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In February, Health Affairs published an article entitled, “The \$16,819 Pay Gap For Newly Trained Physicians: The Unexplained Trend of Men Earning More Than Women”.¹ Previous surveys of physician compensation have revealed differences in pay along gender lines, usually attributing them to women working fewer hours or practicing in lower-paid areas of medicine. This study stands out because it adjusted for observable variables such as practice type, medical specialty, work hours, and practice location. It also controlled for experience, rank, and daily productivity by examining the starting salaries of graduating resident physicians in New York State from 1999 through 2008. While the amount of the pay differential is striking, even more remarkable is the revelation that the gap increased nearly five-fold over the course of the study: back in 1999, male physicians earned only \$3,600 more than their female counterparts.

The authors of the study acknowledge that the survey could not adjust for the possibility of gender bias. To posit sexism as an explanatory factor, however, requires the belief that gender discrimination has grown in medicine since 1999. This seems unlikely since, over the same time span, the presence of women has increased in every division of medical education and administration as well as every area of medical practice. Moreover, the study observed the gender pay gap widening in both subspecialty and primary care fields: while the gender disproportion is diminishing, the pay disparity is

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increasing. As the title of the study indicates, the authors regard this trend as “unexplained.” They hypothesize that the influx of women into the practice of medicine has changed the business of medicine. “[F]emale physicians may be seeking out employment arrangements that compensate them in other—nonfinancial—ways, and more employers may be beginning to offer such arrangements.”² In today’s market, an offer of professional employment is usually more than a proposal of money in exchange for work. It is the beginning of a negotiation that acknowledges non-monetary values.

The study’s findings prompted renewed attention to the 2006 book *Women Don’t Ask* by Linda Babcock and Sara Laschever. The authors examined the gender pay gap in many professional fields, looking to make sense of the continued disparity. The title of their book highlights their main finding.

The “Health Affairs” article was also noted by the *New York Times* and the *Wall Street Journal*, among other publications, and prompted a cascade of comments in blogs. For the most part, those responses focused on the study design, conclusions, hypotheses, and considered several possible explanations for the gap. This article does not seek to contribute to that analysis or debate.

Rather, it suggests practical ways that women physicians might avoid the gap by careful negotiations of contracts.

There are two major types of contracts in contemporary practice of medicine: employment contracts and provider contracts. The former addresses the relationship between a physician and a hospital or practice group; the latter involves health insurance companies. Both have immediate and far-reaching consequences to how much money an individual physician takes home annually and over the course of her professional career.

Before addressing specific points for physicians, repetition of Babcock’s and Laschever’s conclusion is warranted: you have to ask for what you want. Determining what to ask for, of course, entails balancing your priorities against the backdrop of the marketplace, given your qualifications. Keep in mind the minimum contract terms acceptable to you and aim higher. The initial contract offered generally reflects the other party’s baseline. Be sure that you have similarly left yourself some margin for negotiation.

Your employment agreement with a medical center, clinic, or practice group, defines your working relationship. Salary and other types of reimbursement (for example, business and professional expenses) are important points to negotiate. If you

1 Lo Sasso AT, Richards MR, Chou CF, Gerber SE. *Health Affairs*. 2011 Feb; 30(2):193-201.

2 Lo Sasso et al, p. 198.

are just starting out, online resources may help determine fair compensation. Medical Group Management Association (www.mgma.com), HC Pro (www.hcpro.com), and even Monster (www.monster.com) may be helpful.

You should thoroughly understand provisions related to liability coverage. For example, tail coverage is malpractice insurance that covers claims brought after your employment ends. It is important to address who covers the cost of tail coverage and under what circumstances.

Restrictive covenants, such as non-compete and non-solicitation clauses, are almost always present in employment contracts, but vary widely in length and scope. Carefully consider the distance and duration of the non-compete, since challenging those terms after you leave a practice is difficult. Similarly, non-solicitation clauses should be examined. Employers will try to prevent you from

taking patients with you; if you brought patients with you to a practice, be sure that you can take them when you leave.

Although medical school may not have made it explicit, relationships with health insurance companies are integral to the practice of medicine—in nearly every practice, it is how you get paid. An enormous amount of market research and analysis goes into the contracts crafted by insurance companies; physicians should realize that the first contract offered invariably favors the payer. The first contract offered is a starting point for negotiations. Physicians who simply sign contracts without negotiations are not only losing money in the short term, they are setting themselves at a future disadvantage as well, since renewals will be premised on the initial terms.

Physicians—and, given the pay gap, particularly women physicians—must take an active role in negotiating their

contracts with carriers. Preparation is crucial to successful negotiation. The market research behind the contracts payers offer can be balanced by a physician's awareness of her position and relative value in the marketplace. What do you offer to patients and purchasers of coverage that other physicians or groups do not? Gathering this knowledge may require consulting experts who possess a wider perspective of the market and who understand both sides of the business of medicine.

Working women have made great strides toward equality in employment spheres. Leveraging their professional worth through effective contract negotiations may go some way toward eliminating the gender pay gap in medicine. ■

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