

MGMA sample traditional wRVU compensation model

Compensation elements	Calculation	Compensation based on a primarily production/volume-based arrangement
Physician productivity		
Physician productivity - modifier adjusted wRVUs		5,500
Base compensation		
Physician productivity - modifier adjusted wRVUs		5,500
Compensation conversion rate		\$40
Productivity-based wRVU compensation	$5,500 \text{ wRVUs} \times \$40 = \$220,000$	\$220,000
Guaranteed salary (if applicable - paid based on greater of production/guarantee)	Minimum \$175,000 to be paid	\$175,000
Total base compensation to be paid based on wRVUs	$\$220,000 > \$175,000 = \$220,000$	\$220,000
Quality compensation		
Quality metrics		\$3,500
Value-based care payments (PMPM, shared savings, etc.)		\$1,500
Total incentive/quality-based compensation	$\$3,500 + \$1,500 = \$5,000$	\$5,000
Total compensation	$\\$220,000 + \\$5,000 = \\$225,000$	\$225,000

MGMA sample tiered wRVU compensation model

Compensation elements	Calculation	Compensation based on a primarily production/volume-based arrangement
Physician productivity		
Physician productivity - modifier adjusted wRVUs		5,500
Base compensation		
Compensation conversion rate: 0 - 1,000 wRVUs (Tier 1)		\$35
Compensation conversion rate: 1,001 - 4,000 wRVUs (Tier 2)		\$40
Compensation conversion rate: 4,001 + wRVUs (Tier 3)		\$45
Productivity-based wRVU compensation 0 - 1,000 wRVUs (Tier 1)	1,000 wRVUs X \$35 = \$35,000	\$35,000
Productivity-based wRVU compensation 1,001 - 4,000 wRVUs (Tier 2)	3,000 wRVUs X \$40 = \$120,000	\$120,000
Productivity-based wRVU compensation 4,001 + wRVUs (Tier 3)	1,500 wRVUs X \$45 = \$67,500	\$67,500
Guaranteed salary (if applicable - paid based on greater of productivity/guarantee)	Minimum \$175,000 to be paid	\$175,000
Total tiered base compensation to be paid based on wRVUs	\$35k + \$120k + \$67.5k = \$222.5k \$222,500 > \$175,000 = \$222,500	\$222,500
Quality compensation		
Quality metrics		\$3,500
Value-based care payments (PMPM, shared savings, etc.)		\$1,500
Total incentive/quality-based compensation	\$3,500 + \$1,500 = \$5,000	\$5,000
Total compensation	\$222,500 + \$5,000 = \$227,500	\$227,500

MGMA sample traditional cash net revenue compensation model

Compensation elements	Calculation	Compensation based on a primarily production-/volume-based arrangement
Base compensation		
Physician — cash net revenue (CNR)		\$600,000
Salary — annual draw		\$200,000
Percent of net revenue received (minus annual salary draw)		45%
Total compensation to be paid based on CNR	$\$600,000 \times .45 = \$270,000$	\$270,000
Total compensation due minus annual salary draw	$\$270,000 - \$200,000 = \$70,000$	\$70,000
Quality compensation		
Quality metrics		\$3,500
Value-based care payments (PMPM, shared savings, etc.)		\$1,500
Total incentive/quality-based compensation	$\$3,500 + \$1,500 = \$5,000$	\$5,000
Total compensation	$\\$270,000 + \\$5,000 = \\$275,000$	\$275,000

MGMA sample partnership compensation models

Partnership model type	Rationale	Calculation methodology
Compensation		
Full allocation model	In this model each physician functions indendently from an economic standpoint	Individual physician revenue - individually allocated expense = physician's compensation
Team-oriented model	In this model all revenues and expenses are divided evenly.	Practice income - all expenses = dollar amount to evenly distribute to physician partners
Blended model	Practice expenses are divided evenly between all partners; however, revenue gets allocated based on the productivity of each physician.	Revenue - all expenses = dollar amount distributed based on productivity to the physician partners (often based on wRVUs)