[DATE]

[INSIDE ADDRESS]

Dear [NAME],

I have learned that [EMPLOYER NAME] uses data from the Medical Group Management Association’s (MGMA) annual *Physician Compensation and Production Survey* to create a compensation system that disadvantages family physicians relative to their peers in internal medicine. Specifically, I understand that the compensation system intends to pay family physicians less than their general internal medicine colleagues simply because MGMA’s data show that the median compensation per work relative value unit (RVU) for family physicians in ambulatory care only (i.e., no inpatient care) is less than the corresponding figure for internal medicine. For the reasons outlined below, I believe this is a misuse or misinterpretation of the MGMA data and urge you to reconsider your plans.

The Medical Group Management Association’s *Physician Compensation and Production Survey* is based on a voluntary sample of more than 3,000 groups representing approximately 60,000 providers. Specialty is self-selected by the respondent based on where he or she spends at least 60% of professional time. Internal medicine subspecialists may self-identify as general internists, preventing an apples-to-apples comparison between family medicine and internal medicine within the data.

Regarding the compensation per RVU data, I note that the question about total compensation is one of the few *required* questions on the survey, whereas the question about work RVUs is *optional*. The compensation per RVU figure is calculated at the individual level for each respondent who answers the compensation *and* work RVU questions. The median figure is the median of all such individuals who answer both questions within a particular category (e.g., ambulatory family medicine).

A summary of MGMA’s 2012 report, based on 2011 data, highlights the disparity between compensation and production (measured in work RVUs) as shown in compensation per RVU data. The summary includes a graph comparing total compensation with compensation per work RVU for family physicians at different quartiles of productivity. The graph shows that as compensation increases from one quartile to another, compensation per RVU decreases, reflecting the fact that productivity increases at a greater rate than total compensation across the quartiles.

Thus, the lower compensation per work RVU for family physicians when compared with general internists may indicate that family physicians are more productive than their general internist colleagues, relative to their compensation. In support of this hypothesis, I note that the survey’s data tables show that the median work RVUs for family physicians in ambulatory care are typically higher than those for general internists in ambulatory care.

Other reasons that calculated general internal medicine compensation per RVU may be higher than the corresponding figure for family medicine include the following:

* Unlike Medicare, many private payers use multiple conversion factors that vary by, among other things, types of service. If general internists provide a different mix of services than family physicians, they may be compensated more based on higher private payer conversion factors for certain services, resulting in a higher compensation per work RVU than family physicians.
* The payer mix may also affect total compensation. For instance, if family physicians treat a higher percentage of Medicaid patients, their compensation may be lower, even if they provide the same services (and generate the same work RVUs) as general internists.
* Some medical groups are able to negotiate higher compensation rates from private payers than other groups; if general internists disproportionately belong to such groups, they may benefit from higher compensation, even if producing the same number of work RVUs as their family medicine colleagues who have less bargaining clout.

The Medical Group Management Association makes clear in its report that the information “is presented solely for the purpose of informing readers of ranges of medical practice compensation, charges, and revenue reported by MGMA-ACMPE member and nonmember organizations.” It also explicitly states that the data “may not be used for the purpose of limiting competition, restraining trade, or reducing or stabilizing salary or benefit levels.” Finally, MGMA notes that its “publications are distributed with the understanding that MGMA-ACMPE does not render any legal, accounting, or professional advice that may be construed as specifically applicable to individual situations.”

In summary, MGMA is reporting what its survey respondents tell it. The calculated compensation per work RVU is the result of multiple factors, and it is intended to be descriptive, not prescriptive. Using the compensation per work RVU calculations to set compensation at lower levels for family physicians than for other primary care physicians is an apparent misuse or misinterpretation of the data. I urge you not to base your compensation system on such an apparent misuse or miscalculation.

Thank you for your time and consideration of this matter.

Sincerely,

[SIGNATURE]