The PA Salary: Structures and Strategies

Just as there is a wide range of practice settings that utilize a PA, there is an array of salary structures for PAs. Choose a structure that is fair and mutually beneficial.

BY KATHERINE WILKENS, PA-C, MHIS, MPAP

How do I determine an appropriate salary for my PA? This is a question that many doctors ask when hiring a new Physician Assistant (PA) or when renegotiating their current PA’s contract. The answer is: it depends. There are a variety of factors that help determine an appropriate salary for a PA. Benefits such as health insurance, 401(k), CME allowance, and malpractice insurance all represent a value to a compensation package and a cost to the practice. On the other hand, PAs that attract their own patients, successfully market their practice, and contribute to practice management are often considered very valuable to their practice. So taking this all into consideration, how do you calculate a fair salary for your PA?

The first thing to consider is that PA salaries can be calculated utilizing a variety of different structures. There is no published template or right or wrong way to perform these calculations. The secret to success is determining what feels right for you and your practice and then discussing this openly with your PA to get an idea of what feels comfortable for him/her. The most successful physician/PA relationships occur when both parties feel that they are communicating well and working together toward the same professional goals both for themselves and the practice.

COMMON SALARY STRUCTURES

There are three common salary structures for dermatology PAs to consider:

The first structure, often for new grads or PAs with minimal experience, is a trial period with a base salary only.

The trial period is generally six months to one year, and a common base salary for a full-time (35-40 hour/week) PA with minimal experience could range from $80,000 to $90,000 per year. This PA needs to spend time shadowing and learning from his/her Supervising Physician (SP). It is important to invest time training your PA early so that you can build a foundation of trust and respect for the future. This time and money is well spent because you will have confidence in your PA’s foundation of knowledge, which will allow you to spend more time focusing on your own patients, complicated issues, and/or surgeries. A new PA

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may receive some benefits including paid time off, health insurance, malpractice insurance, CME allowance, or 401(k). After the six-month-to-one-year trial period, the PA should be very comfortable in the practice. This is when the PA can become more valuable to the SP/practice because she/he can start to attract her/his own patient referrals and has earned the trust of the support staff and community. At this time, it is common to renegotiate the PA’s compensation to a salary + percentage based structure.

The base salary + percentage structure is the most common structure for PAs with moderate clinical experience. This formula can be structured in multiple ways. One example is a base salary of $80,000 + 20-30 percent of collections after the PA doubles their base salary in collected revenue. This system can be appealing for an SP because it allows the PA to “reimburse” the SP for their initial trial period salary, before rewarding the PA a commission for their increasing revenue. Here is an example, assuming a PA generated $350,000 in collected revenue:

The PA would receive a base salary of $80,000 per year. In addition, the PA would be paid 20 percent of her collected revenue, after deducting $160,000 (double her base salary) from the total collected revenue.
Assume her total collections are $350K: $350K - $160K = $190K. Twenty percent of $190K is $38,000. For that fiscal year, that PA would earn a salary of $118,000.

These PAs generally have moderate experience, and it is customary for the PA to also receive a handful of paid benefits. Each SP/PA team is unique, and both parties will have to sit down and discuss which benefits are appropriate. With more benefits, it may be appropriate to lower the commission percentage a little, with long less benefits the percentage may increase. Another variation of this structure is adding tiered incentive steps to the percentage formula, where the PA’s commission percentage would increase as his/her collections increase. This is mutually beneficial for both parties and is a common structure that rewards the PA as he/she grows in the practice.

PAs with over three years of experience often negotiate a salary based on straight percentage of collections. At this stage of the PA’s career, he/she should be experiencing a full patient schedule and should be generating significant revenue for the practice. Experienced PAs usually attract their own patient following and are able to practice without a lot of supervision from their SP, which frees up time for the SP to see their own patients, perform more surgeries, etc. The negotiated percentage can vary greatly and is influenced by many factors. Benefits are usually the most influential factor in determining an appropriate percentage.

Straight percentage salaries usually range from 30 to 45 percent of the PA’s collected revenue. Table 1 illustrates some of the factors that can help determine where a PA falls in the percentage range. This list provides only a few of the many factors that are involved when determining a straight percentage salary. Try to place a value on both the practice benefits costs and the “intangible” things that your PA brings to the practice (administrative duties, staff oversight, staff/patient perception, etc.). Sometimes the intangible is more valuable than the paid benefits. It is very important to choose a percentage that is not only fair and beneficial to all parties, but that leaves room for growth as the PA establishes himself/herself in the practice.

PAs that receive percentage-based salaries are generally paid monthly and occasionally quarterly. It is important for an SP and a PA to have open communication when reviewing the PA’s monthly billing and collection patterns. SPs and PAs can become great partners when they can openly discuss any concerns with each other, and the PA can learn from the SP how to bill most effectively for the practice.

PAs that are knowledgeable about their collections can be strong assets to practices. It is in their best interest to maintain their patient load, generate more revenue, and bill effectively in order to maximize their collections and salary percentage.

A WIDE RANGE
There is a wide range when it comes to dermatology PA salaries, because there is a wide range of practice settings that utilize a PA. Physician Assistant salaries will be higher if their collections are high. This should mirror the pattern of the physician community. Similar to a Mohs

<table>
<thead>
<tr>
<th>TABLE 1. POSSIBLE PA EXPENSES AND CONTRIBUTIONS</th>
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<tr>
<td><strong>PA’s Expenses to the Practice</strong></td>
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<tr>
<td>(Lower Percentage Range)</td>
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<td>Paid vacation</td>
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<td>Paid CME</td>
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<td>Malpractice insurance</td>
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<td>MA dedicated solely to the PA</td>
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<tr>
<td><strong>PA’s Contributions to the Practice</strong></td>
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<tr>
<td>(Higher Percentage Range)</td>
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<tr>
<td>Attracting own patients</td>
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<tr>
<td>Taking call</td>
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<tr>
<td>Marketing for the practice</td>
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<td>Office managerial/administrative duties</td>
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![Office managerial/administrative duties](image-url)
The relationship between a PA and his/her SP is a unique partnership based on trust and mutual respect. It should be a relationship where both parties feel comfortable and gain financial success together.

surgeon who may have higher collections than a pediatric dermatologist, the same trend would hold true for a PA who assists a Mohs surgeon, compared to a PA who practices in pediatric dermatology. Full-time dermatology PA salaries can range anywhere from $80,000 to $400,000 per year depending on the PA’s collections to the practice. A full-time, experienced dermatology physician assistant can generate anywhere from $500,000 to $850,000 for their practice, per year. It is possible for PAs assisting in Mohs to generate an additional $1,000,000 for their practices by assisting their SP and allowing for more cases to be completed per day.

It is not customary for dermatology PAs to be paid hourly because they are able to bill and collect similar to an MD and should not be viewed the same as an employee, such as an RN or MA, who cannot generate their own income for the practice. It is very easy for the billing office to create a separate category to track a PA’s billing and collections, even though PAs may or may not bill incident-to through their SP. Please remember to have open discussions with your PA about their billing and collection figures. This can be beneficial for both the PA and SP as reimbursement levels may change, or other factors influence the overall health of the practice.

Dermatology PAs are increasing in numbers every year. They can be a huge asset to a struggling dermatology practice. The relationship between a PA and his/her SP is a unique partnership based on trust and mutual respect. It should be a relationship where both parties feel comfortable and gain financial success together.

Katherine Wilkens, PA-C, MHIS, MPAP, of Certified Physician Assistant Consulting, practices dermatology in Northern California in a private practice. She serves as the clinical administrative manager for three separate offices, located in Sonoma, Santa Rosa, and St. Helena. Katherine has maintained additional clinical skills by continuing to work in the ED. CertifiedPAConsulting.com.