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Hi, it's Dr. Weitz. Thank you so much for joining me for this episode of the private medical practice academy, figuring out how much to pay your employees can be a very daunting task. I know that when I first started out, I had no idea how much money to offer. And if you asked me what the salary range was for a certain position, I would have thought that you were asking me to solve a problem harder than I saw it. During my third semester of calculus setting salaries for your staff is always a tricky thing to do. It's especially hard if you've never done it before, because you probably don't even know where to start. On one hand, you want to pay enough to get the best possible talent.

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On the other hand, you don't want to overpay not to worry today. I'm going to walk you through how to figure out what salary does offer. First of all, don't pay. Remember your goal is to attract good talent and pay them fairly. That said paying more doesn't necessarily get you a better employee. And I know that it's easy to fall into that mindset. If I just offer a higher salary, I'll get better applicants, right? Or ultimately better employees. This isn't necessarily the case. Let's start with some basics. The salary range for each and every position you'll need to establish a salary range. Now for the nitty gritty, you can do the research on indeed.com or salary.com to get salary ranges sorted by position and geography.

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You'll find out what's the high, the low, and the average for your state and your town. So you can begin in employee search, knowing what your candidates are going to expect, but that's not the point of this episode. You know, the framework for how to think about your hires, not just the dollar amounts. When it comes to the exact amounts, you should be paying no this, you never want to pay more than the job is worth. That's just good business. Because at the end of the day, a salary it's like any business expense, it's an investment and you should get a return. First, we're going to decide the top amount. You'd be willing to pay the best way to determine that ceiling is to ask yourself how much more valuable will this person make my company?

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Your answer is the most. You'd be willing to pay that person when it comes to their salary. Let's say you're hiring a medical assistant one who has had 20 years of clinic experience in your particular specialty, maybe worth top dollar as compared to somebody with less experience. I'll come back and talk more about this, but at least for now we've defined the top of our scale. The next step is to figure out the least you'll pay. And that's where the market comes in. Market rates, set candidates expectations. This is where having done your research is going to come in handy candidates expected to, to pay them at least the market rate, unless you can offer good alternatives.

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For example, if you have an inexperienced ma you're likely to offer them a starting salary on the low end of the range, as a caveat from my personal experience, I can tell you that they know exactly what every other practice in town is offering. So how do you decide what to pay? It's really based on how much experience

the person has and how much you think they're going to bring to your team. I want to stop here and stress to you that this needs to be a fact-based decision, not an emotional one. And to that end, I'm not a fan of hiring friends and families because it tends to cloud our judgment. Also let's say you're lucky enough to score an eight plus applicant who wants the top of the salary range.

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Great. You can hire them. However you need to consider this. Most people expect an annual pay raise. Look, I know that a business's revenue doesn't necessarily increase every year, and this is certainly true in medicine, but I'm here to tell you that independent of your revenue, your employees expectations are that they're going to get an annual raise, just because, so if you hire someone at the top end of the salary range, you need to consider what is going to happen in subsequent years. I'll talk to you about some strategies for dealing with this later on in this episode. But you need to know that on the front 10, when you're hiring them, that this is their expectation.

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The last thing that you want is to hire the rock star only to have them quit a year later, because you hired them at the top end of your salary range. And now they're mad because you're not going to give them a raise because they're at the top end, your salary range. You need to have this discussion with them before you hire them. On the other hand, let's say you hire someone with little experience. I've actually done this multiple times. My clinic partnered with one of the local technical colleges, and we would hire two to three student medical assistants who would intern with us if we had a need for a medical assistant and we had the star, we would offer them a job. Clearly, since we were hiring them at the end of their internship, they had no experience.

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So how did I deal with their salaries? We offered them the lowest as to end of our salary range during their 90 day probation period and told them that we would increase their salary after the probation period ended. In this case, the lowest end of our salary range for a certified ma was \$11 an hour. And if you're thinking this is incredibly low, I want you to think about the fact that I live in a low cost of living place, where medicine is alive and well, and profit margins are higher, but that's a different story for a different day. If they accepted full-time employment at \$11 an hour, then at the end of the probation period, their hourly rate increased by anywhere from 25 to 75 cents per hour.

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Next, do you have to decide how you're going to pay your employees? There are basically two types of employees. There are those that are salaried and there are those that are hourly once you know what your job is worth and what your candidates will expect. You have to decide how you're going to pay them with a salary based job. The pay is fixed. So no matter how many hours an employee works, they'll get the same amount in their paycheck. Every week. The original idea was probably to pay for contributions that couldn't

be easily measured in hours over time. However, paying a flat salary has taken an unexpected twist. Hourly workers are paid more for working overtime, but there's no penalty to you other than the moral one to overworking in exempted salary employee.

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So you can hire someone on salary and then demand 60 hour weeks at the salary of a traditional 40 hour per week job. But let me tell you, if you do that, morale will tank. The people will hate you, and you're going to lose your employees in a medical practice, your office manager, and any other high-level employee may be salaried. The reason here is that they're expected to stay until the work is done. Sometimes there's more work. For example, when you onboard new staff or have a major project, and then of course, some days are slower. These employees tend to have tasks that aren't necessarily tied to the direct running of your clinic.

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So in my practice, my office manager and our billing manager were salaried in comparison, front office staff, medical assistants, and any billing staff typically paid hourly. And this was how it was done in my clinic. Hourly pay is natural. When the work is directly related to time in this case, they're working when your clinic is open. Now a couple of things you want to know and take into consideration when paying people hourly, you need to understand your local labor laws in terms of how much break time an hourly employee is entitled to. For example, an employee who works eight hours may be entitled to an hour off depending on the laws where you are, that may mean an hour lunch break, or you may have the flexibility to have the employee take a 30 minute lunch break, and two 15 minute breaks.

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You also need to know your own workflow. For example, if you always run late and your days are long, you may end up paying your hourly employees over time. This can turn into a costly proposition. Now there are some ways to mitigate this, including staggering, your schedule. But the key is that you need to understand the labor laws where you are not only is it going to affect your employment policies, it's going to affect your workflow. Next. I want to talk to you about bonuses. I know you're thinking, wait, I thought she was talking about how much to pay people, but you need to understand bonuses should be considered as part of your employees, compensation packages.

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And one of the great things about bonuses is that they give you the employer. Flexibility. Remember that employee I discussed hiring who was at the top of the salary range. Well, you can give yourself some wiggle room by giving that person a bonus. That way you don't exceed the top of your salary range. And yet you can recognize an ongoing stellar performance. I want to take this opportunity to point out to you. However, that bonuses are discretionary. Because if you always give a bonus, especially the same amount, then people grow to expect them. And so they become implied promises in this case, if for some reason like COVID, you don't give your employees a bonus, there'll be mad.

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So you base typically want to tie bonuses to tangible transparent outcome measures so that you're incentivizing your staff to improve your business performance. And not that the bonus is something that is basically an expected every year. I get it automatically, no matter what thing, when it comes to giving bonuses, knowing what and how much to give is always the hard part. So let's break it down into three major categories, performance non-performance, and non-monetary, let's talk about performance bonuses. First. These are bonuses that are specifically tied to an employee's conduct and achievements throughout the year, and can be related to several different performance criteria.

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So for example, bonuses can be related to a specific goal or objective that was outlined for the employee. These bonuses recognize the fact that the employee met the expectation that was set for them. For example, setting a goal for your front office staff to collect 95% of the money due at the time of service from copays co-insurance and deductibles could be part of a bonus structure. If they reach the 95% during a particular quarter, they get a bonus. Second bonuses can be related to awards and designations. So beyond just achieving goals, there are other professional development initiatives that might deem somebody worthy of a bonus.

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This can involve receiving a professional designation certification or licensure that the employee has been working towards. As an example, Joanne had been with me for about four years when she came to me and told me that she wanted to become a certified coder, I encouraged her to do so. And when she got the certification, we paid for half of the certification course, as well bonus to her third bonuses can come from exceeding expectations. So while the above categories involve objectives that were more planned for performance related, bonuses can be awarded for achievements that are somewhat unexpected. For example, when one of our medical assistants went above and beyond in handling a problem, I gave her a Starbucks gift card every now and then it's great to provide recognition and reward.

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When it's unanticipated in the ideal situation, you would only give performance-based bonuses because they applaud work from your employees and serve as motivation for your staff to continue excelling in their roles. However, there are times where you may want to consider giving non performance-based bonuses. For example, you may want to give a bonus based on longevity, this type of system rewards, loyalty and seniority, and can encourage employees to stick around. You want to retain good employees and the longer they stay, the more likely they are to reach the top of that salary range for their position. So giving them a bonus based on longevity is a way to get around this.

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Some people I know are for bonuses related to the base salary. For example, every employee gets a bonus that's equal to 5% of their compensation. I would advise you against doing this because employees that have a lower salary received much less of a bonus and in turn feel under appreciated when compared to your higher earners, similarly, offering a bonus based on a fixed amount can be problematic while it may seem fair to you. Remember that a \$500 bonus means much more to the \$12 an hour employee than it does to the \$25 an hour employee. You can also tie bonuses to milestones like year end. I personally would not tie it to the year end without some other performance-based measure like revenue growth of your practice or some other tangible measure.

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End of year bonuses also become an issue. When you have a new staff member who just started in November, do you give them the same amount as the person who's been with you all year? One way to help employees feel appreciated throughout the calendar year and tie to a milestone is actually to do something for their birthday. Like maybe you give them a gift card. One advantage to a gift card is that there are no taxes due to them. So the employee actually gets the entire amount. And then there are non-monetary bonuses. Okay? I'm not denying that everyone loves money. Of course they do. But especially when you you're first starting out and don't have a lot of expendable cash, you need to be creative and think outside the box.

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Some examples include things like extra time off like a bonus vacation day, or maybe a designated parking spot. If parking is hard to find, give them a casual dress day or offer a chair massage just as an aside, we offered a chair massage as a bonus perk. After we survived EMR training, you would be amazed at how these little things actually make a huge difference in the morale of your employees, takeaway messages. When it comes to figuring out how much do you pay people or that you wanted to find a clear salary range with a set upper and lower limit for each position, you want to match jobs whose value comes with hours to hourly pay.

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And those jobs whose value comes from insight or skill to salaried pay. You want to use bonuses to align everyone's goals, and you need to understand that bonuses are of that overall compensation package. Thanks for joining me, be sure to sign up for my newsletter below, and I'll be sending you tips on how to start your practice best run your practice, grow the practice, and then ultimately be able to leverage your medical practice into multiple other businesses. I hope to see you soon.