

a small percentage of the net. The percentage of net may be set to increase over a period of years to an agreed term after which the practitioner may be voted full partnership with a full share of the net. Any full partner who may die or voluntarily decide to leave the group may be paid (or the estate paid) an equity of the last full year's net income.

In the matter of senior-junior partnership arrangements, each may draw an equal percentage of the net income with title to property and instrumentation in the hands of the senior partners. A formula for junior partners to become senior by some agreed regular payment to the senior is often arranged. If senior partners die, their estates may be paid an amount of prior agreement. If a junior partner dies, a lesser amount may be paid. A formula for voluntary retirement from the group may also be arranged.

In the smaller groups (under ten full-time practitioners), senior partners may make an arrangement whereby a relatively high percentage of their gross income is kept monthly up to an agreed amount beyond which a higher percentage of the gross is kept. The junior partners would keep a lesser percentage than the senior partners, and all remaining funds would accrue to the group and be divided, after expenses and reserves, to all partners equally. Further, a formula for providing financial return for referrals within a group can be agreed upon. With his investigation, the writer found considerable use of payment for referrals and questioned the legal and ethical status of such a practice. It is not too terribly different from outright "fee splitting," except that the fees paid remain in the group.

With regard to a partnership of a large number of practitioners (over twenty), there is usually a steering or executive committee which operates the group and which is elected by the entire group. The persons on the executive committee are those who have been associated with the group for a considerable period of time. All partners receive a salary based upon volume of practice plus a share of the net income. Employed doctors may receive a salary and, after a fixed period of time, be voted a partnership. The assets of the group are generally held by the corporation in which each partner holds shares. When a partner dies or retires, it is mandatory that his shares be sold back to the corporation. In addition, an equity by prior agreement would be paid.

In the category of groups in which there are partners as well as employed personnel,

the financial circumstances differ from those described. In a partnership involving seniors and juniors, the partners receive a salary plus a share of the net income (as discussed). The employed physician would receive a fixed salary plus a small share of the net income. Only the senior partners would have a voice in the affairs and policy of the group. A formula for a junior partner to become senior would exist by prior agreement.

In another formula of income distribution, all partners would receive a similar share of net income with the share declining in his later years. A formula for employed doctors, who receive a salary to become partners, may be arranged. It is also likely, in this type of arrangement, for the share of the net income to vary with the number of years the practitioner has been with the group. This arrangement is especially prevalent in groups in which the practitioners are on equal or comparable professional standing—that is, each with certification in a specialty board or each being a general practitioner.

Another method of income distribution involves both the owners and the employed doctors receiving fixed salaries and, at the end of the year, the net proceeds are divided among the partners with the employed doctors receiving a bonus. This matter of the bonus would certainly depend upon the yearly return, as well as the worth of the doctor to the group. This is the method used by those groups which develop senior-junior partnership arrangements. In a new venture, the senior partners are generally those who can contribute most in terms of facilities and equipment. Those that are designated as senior arrange to receive a higher share of the net proceeds for a given period of time while the junior partners receive a lesser share. After the period has elapsed (three to five years) the junior partners receive full status and all partners share equal bonus.

It should now be obvious that the number of combinations and alterations of these methods constitute about as many groups in practice as exist. Nevertheless, their income distribution is dependent upon one of the above basic patterns. It should be noted that in most group practices, where multiple owners exist, consultants to the group who are called in for specific professional advice generally are paid by receiving a percentage of the fees charged to the patient. With regard to night home calls, it is generally accepted that fees paid for such services may be kept by the doctor rendering the service. He would most often be the new, young practitioner.