

AAEM: The Trusted Advocate of Fairness in Emergency Medicine™ — The AAEM Practice Fairness Toolkit™

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At a time when emergency medical staffing companies are being traded on Wall Street and medical licensure and board certification are treated as commodities, emergency physicians need to understand valuation more than ever. Consider the following dialogue, and a *widely held perception*:

“Mike, is this credible or bull----?”

“There is tremendous debate in the appraiser community relative to practice valuations on purchases by hospitals and on compensation methodologies being employed after purchase. I’m not sure there is much value in listening to this or reading this because you would have to get involved in reading *all sides of the debate*. Based on the summary of what is being written I would also assume this individual spends his time on the hospital side because the approach he is talking about will result in less compensation to physicians. Of course, if this happens, then there is no reason why a physician would sell his practice and then join a hospital if there is no substantial upside.”

— Mike M., CPA, in an email exchange advising one of his surgeon-clients on whether to listen to a webinar entitled *Physician Compensation Methodology*.

“Fifteen minutes could save you 15% or more on car insurance — *everybody knows that.*”

— The Martin Agency’s latest leveraging of the ubiquitous Geico tag-line, arguably the most famous in advertising history.

The email exchange above captures the issues in a fair market value (FMV) transaction — the essence of an equitable process. Every business valuation analyst understands that there are two sides to any assessment issue, and that negotiations may be corrupted when one party withholds information from the other¹ — “everybody knows that.” AAEM’s decision to become The Trusted Advocate of Fairness in Emergency Medicine™ and form the Practice Fairness Council™ (PFC) strengthens AAEM’s commitment to support fairness in the complex workplace that characterizes our specialty. The Practice Fairness Toolkit™ (the Toolkit) will provide the foundation for the PFC to advance AAEM’s mission to support fair and equitable practice environments in which emergency physicians can provide the best care for patients.

We necessarily begin by defining *value and valuation*. Webster’s definitions of the word “value” include: 1) “the worth a thing in money or goods at a certain time;” 2) “that quality of a thing according to which it is thought of as being more or less desirable, useful, estimable, important, etc.,” and 3) “that which is desirable or worthy of esteem for its own sake; thing or quality having intrinsic worth.” Webster’s definitions of “valuation” include: 1) “the act of determining the value or price of anything; evaluation; appraisal;” and 2) “estimation of the worth, merit,

etc. of anything.” Thus, *value and valuation* may include monetary and non-monetary dimensions.

We often overlook how deeply this is hard-wired into the human brain, into language centers and consciousness itself.² However, we can learn to understand how biased our perception of value can be, often to our detriment if we fail to consider all the ramifications of the countless decisions we face.^{3,4} We make value judgments, often unconsciously, every time we use the word *should*, a word that appears in our speech with striking frequency as we “negotiate our way” through each day. Webster’s defines *should* as “used to express obligation, duty, propriety, or desirability.” *Desirability* is the essence of value itself. *Business Valuation Resources*’ marvelously direct tag-line, “What’s it worth?”⁵ can inspire the *Practice Fairness Council*’s investigation of the business entities, large and small, that are the organizational ground substance of our professional practice. *Desirable* (valuable) practice settings will be identified through the PFC’s research and published for the benefit of AAEM members.

It is important to restate what a fair market value process is in the context of business, and to realize that any organization can be viewed as the sum of its parts — *each of which* can be examined in detail through the evaluator’s lens. The Internal Revenue Service advises us that the FMV of an asset is:

“The price at which property [including intangibles] would change hands between a willing buyer and a willing seller when the former *is not under any compulsion to buy*, and the latter is not under any compulsion to sell, both parties having reasonable knowledge of the common facts.”⁶

What has happened in the myriad negotiations that define emergency medicine’s business history is the serial corruption of FMV processes.¹ Business agents⁷ have interposed themselves between emergency physicians, patients, and hospitals — gaining control of the cash flow and good will those physicians labor to produce. Through *agents*’ incremental distortion of what *should* be a fair process, many working emergency physicians have been deprived of a seat at the negotiating table — and of the option of walking away until win-win terms are achieved. Other hospital-based specialists have also been victims of these win-lose outcomes. How emergency medicine is valued in the context of health care reform again requires an answer to the question, “*What’s it worth?*” The *PFC*, applying the principles in the *Toolkit*, will address these vexing issues.

The indexed table of contents of the first edition of the *Toolkit* appears on page 21. Though it may seem daunting at first, there is a rigorously reasonable approach to the fair market assessment of *anything*.^{8,9} Achieving FMV involves strategy, which informs the *Toolkit*’s extensive detail. Strategy can be complex, but is essential to master if we are to

Continued on next page

create *fair and equitable practice environments* in which to best serve our patients. Jack Covert and Todd Sattersten inspired the indexed table of contents concept: begin at the end, with the index.¹⁰ All key concepts in the *Toolkit* are easily recognized, and most are so common that they are the subject of a Wikipedia entry. So, read the table of contents and reflect on the key concepts. I believe you will find it all makes sense — and defines what fair is, what it is not, and why it matters.

The whole *practice fairness* concept will be domiciled on the AAEM website. The PFC invites any interested AAEM member to provide reasoned and referenced information to improve the *Toolkit*.

The goal of the *Practice Fairness Council and the Practice Fairness Toolkit* is to raise the awareness of AAEM's membership on what fair and equitable practice environments are, why they matter,¹¹ and how we can create them. Ultimately it's simple: people — especially those who work as tirelessly as emergency physicians — experience the greatest professional satisfaction and are most productive when they work in a setting that embraces a culture of fairness. As we build trust¹² and learn as an organization¹³ that fairness in the practice of emergency medicine truly adds meaning and purpose and is worth striving for,¹⁴ I believe we will reach the point where we can say, "Everybody knows that."

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