



FMVs – Guns and Butter?

Father Guido Sarducci

Saturday Night Live had a character named Father Guido Sarducci (actor Don Novello), who had the remarkable ability to distill four years of a college major into three words.

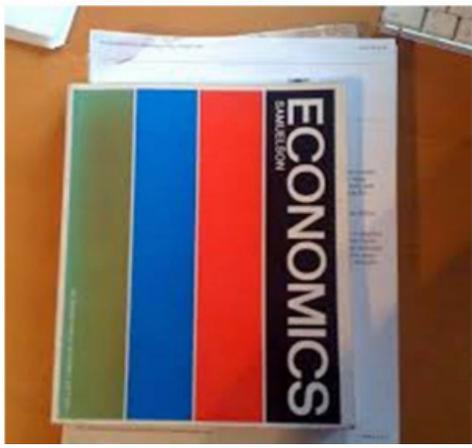
For those studying Spanish, the magic words were “¿Como está usted?”.

For economics majors: Guns and Butter.



Who remembers this?

Generations of undergraduate and graduate students in business and economics relied on Paul Samuelson’s analyses, wherein every economic concept in a free market was



demonstrated through his analogy of using “guns and butter”.

Fast forward to our industry today and how “fair market values” (FMVs) for what physicians can be paid for their time and work are benchmarked. Somehow, we have abandoned the “market” element of FMVs. Samuelson concepts would say that in a (relatively) free market, the higher the demand for a limited number of specialists, the higher the price—thus, fair market value for their services. Conversely, the lower the demand—assuming the same number of specialists in the pool—the lower the price.

Then we have the reality of FMVs in our industry, wherein the focus is on published salary surveys to determine “value” and not marketplace demand. So, the FMV for an epidemiologist is higher than for a nationally known (and in demand) endocrinologist. The FMVs for pharmacologists are higher, in some cases, than highly sought-after subspecialists, such as rheumatologists, gastroenterologists, and neurologists.



Let’s put the “market” element back into the calculation of fair market value. Let the market decide what is “fair” for the time of a highly sought-after physician, whether it be to give a talk or spend an hour on the phone in blinded market research.

I propose that those setting the value come out from behind the salary surveys or the number of years that an expert has spent in graduate, doctorate, and post-doc programs, and step into the world of guns and butter. Metrics to determine FMVs should include, but not be limited to:

- The number of talks given and papers published and presented each year

- The number of companies for which he or she consults
- Number of years as a highly regarded regional, national, or international thought leader
- And other market-based metrics.

This will also serve to lessen the adversarial role that compliance and commercial face when commercial pleads for more realistic FMVs so that the right physicians can be invited into the appropriate programs and research.

Are you with me? Please share your comments here.



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