Becker's Hospital Review
Annual Meeting
May 11, 2013

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PINNACLE HEALTH GROUP
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Setting Up Successful Physician Employment Models – Effective Strategies for Employing and Retaining Physicians

Setting Up Successful Physician Employment Models

One of the most notable trends in physician recruitment is the movement **toward** employment arrangements and a **declining** preference for income guarantees and private practices settings.

Setting Up Successful Physician Employment Models

It is important that market leaders, executives and administrators learn how they can **optimize a physician employment structure that will suit their alignment goals** and thus help them maximize productivity and market share.

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SETTING UP SUCCESSFUL PHYSICIAN EMPLOYMENT MODELS

Agenda

- Trends toward Employment
  - The 1990's and Today
- What's Driving Integration and Why It Makes Sense
- Types of Compensation Models
- Strategies for Attracting and Retaining Physicians
- What We can Learn From Why Physicians Leave
- Critical Success Factors/ Key Contract Considerations
- Summary of Recommendations

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SETTING UP SUCCESSFUL PHYSICIAN EMPLOYMENT MODELS

Trends toward Employment

1990's	2005'ish'	2010—Forward
Employment of physicians as	**Health systems revisited closer integration strategies**	**Healthcare organizations are more:**
Offensive strategy • Way to control referrals • Focus on Primary Care	**Clearly defined and agreed-upon productivity targets** • Such as RVU's	**Strategic and prudent** • Goal Alignment - Quality measures
Way to Deal with capitation • In most markets, capitation didn't materialize • Hospitals left with large infrastructure costs and losses.	**Included both primary care AND specialists and sub-specialists** **In rural or less desirable markets, employment became the only way to attract specialists.**	**Focused on Results** • ACO's • Quality Controls - Productivity - RVU's continue - Quality/Core Measures **Focused on Physician Integration**

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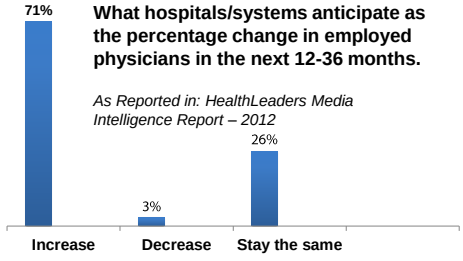
SETTING UP SUCCESSFUL PHYSICIAN EMPLOYMENT MODELS

Drivers of Integration

For Hospital	For Physician	For Patients
Defensive - Protect market share - Surgery, Imaging & Outpatient Services - Entrepreneurial Physicians	**Declining Reimbursement / Stabilize and secure income through economic alignment**	**Continuity of Care**
Changing reimbursement requiring integration of efforts (value-based purchasing)	**Private Practice has become a hassle**	**Patient expectations related to elimination of duplication and improved coordination**
Costly clinical information technology needs of both parties	**Changing expectations related to work/life balance**	**For Payers** **Not paying for rework**
Consolidation amongst the larger players, requiring hospitals to build their leverage through physician loyalty therefore becoming indispensable to the payers (similar to the 1990's).		

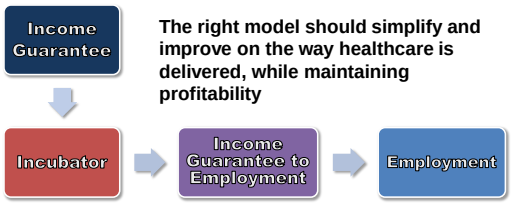
And More Integration to Come



What hospitals/systems anticipate as the percentage change in employed physicians in the next 12-36 months.

As Reported in: HealthLeaders Media Intelligence Report – 2012

Types of Compensation Models



The right model should simplify and improve on the way healthcare is delivered, while maintaining profitability

Successful Employment Models Attract and Retain physicians

1. Recruit a physician that is the "right fit"
2. Communicate clear expectations
3. Comprehensive physician onboarding and training
4. Provide physician with ongoing support and feedback
5. Build an employment contract that incents Physicians to succeed and to stay

PHG Survey of Physicians Who Changed Jobs between 2011-2013

- **Top reasons for leaving old position**
  - Compensation and lack of professional appreciation
  - Followed by Workload/call coverage and the desire to advance in career

PHG Survey Results – Other Findings

- **Increased Importance of Work-Life Balance**
  - Primary motivation for changing positions is desire to be closer to family and friends
  - Closely followed by better work hours/ work-load and/or the desire to work part time

Contract Critical Success Factors

What We are Seeing in the Industry

1. Term
2. Compensation
3. Incentives
4. Benefits
5. Restrictive Covenant

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Term

- Start date – Managing Expectations

Board Certification / State Licensure → Obtain Credentialing → Sell house / Find spouse job

- Duration of the agreement
  - Between 2 and 5 years
  - Retention bonuses at $5k – $10k a year
- Contract / performance reviews conducted at end of each year

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Compensation

- Pay for Call ≈ 50% of the time
- Bonus
  - Performance
    - Production
    - RVU
  - Signing bonuses run ≈ 10% of base
    - Retention Bonus ½ and ½
  - Pay off of students loans -$x amount per year tied to retention

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Incentives

- Salary plus Productivity
  - RVU's
  - % of Collections
  - % of Billings
- Salary plus bonus on quality
  - Quality / Core Measures
  - Incent ACO's

Setting Up Successful Physician Employment Models

Example of Bonus Plan for Hospitalist

Pillar and Measure	Acceptable	Very Good	Excellent
Quality:			
Core Measures[3]	$3,000		$6,000
AMI	≥90%	NA	≥95%
CHF	≥90%	NA	≥95%
Pneumonia	≥90%	NA	≥95%
Stroke[4]	≥90%	NA	≥95%
Service:			
Press Ganey Scores[5]	$1,500	$3,000	$6,000
HCAPS Physician	60th percentile	75th percentile	90th percentile
(Inpatient PG) Physician	60th percentile	75th percentile	90th percentile
People			
Citizenship	$1,000		$2,000
MS committee attendance	≥60%	NA	≥70%
Participation in disaster drills[6]	100%	NA	100%
Develop & implement clinical protocols/pathways[7]	NA	NA	1 semi-annually[8]
Finance			
RAC items of interest	$3,000		$6,000
Documentation supports 1 Day Stay & Observation*	≥90%	NA	≥95%
Documentation supports 3 day stay to SNF*	≥90%	NA	≥95%
Sign, Date &Time all medical record entries	≥90%	NA	≥95%
Potential Total	$8,500		$20,000

Setting Up Successful Physician Employment Models

Example of Core Measures for Hospitalist

Table 1: Hospitalist Responsibilities for AMI

Measure	Responsible Individual
Aspirin on discharge	Discharging physician
ACEI or ARB for LVSD	Discharging physician
Beta Blocker at discharge	Discharging physician

Table 2: Hospitalist Responsibilities for Heart Failure Measures

Measure	Responsible Individual
Left ventricular function	Discharging physician
ACEI or ARB for LVSD	Discharging physician

Table 3: Hospitalist Responsibilities for CAP

Measure	Responsible Individual
Antibiotics in 6 hours	Admitting physician
Initial antibiotics for ICU	Admitting physician
Initial antibiotics for non-ICU	Admitting physician

Table 4: Hospitalist Responsibilities for Stroke

Measure	Responsible Individual
Antithrombotic therapy by end of day 2	Admitting physician
Documentation of LDL within 48 hours of arrival	Admitting physician
Rehabilitation assessment ordered	Admitting physician
Statin prescribed at discharge	Discharging physician
Anticoagulant prescribed at discharge	Discharging physician
Antithrombotic therapy prescribed at discharge	Discharging physician
Discharge education ordered prescribed at discharge	Discharging physician

Setting Up Successful Physician Employment Models

Benefits

- Employer / Employee Paid Health / Dental
- Malpractice
- Vacation; CME; PTO
- More vacation to sub specialties
- CME allowance
- State Licensure, DEA and Medical Staff Dues
- 401K with Match
- Relocation
- Profit Sharing

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SETTING UP SUCCESSFUL PHYSICIAN EMPLOYMENT MODELS

Restrictive Covenant

- AKA
  - Covenant Not to Compete
  - Non-Compete
- Time and Distance specific
- Some are specific to a service areas and more and more are specific to a facility within the service area
- Moving from one to two years
- Tied to Termination
- Buyout

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SETTING UP SUCCESSFUL PHYSICIAN EMPLOYMENT MODELS

Summary: What will It Take to Attract Them and Make Them Stay

- Recruit the "right fit"
- Set clear expectations
- Offer comprehensive onboarding
- Provide ongoing support and feedback
- Develop a win-win Contract realistic to the market to which you're recruiting
- Build retention into the contract
- Review the contract and performance annually
- Make sure compensation incents physician to reach your organization's goals i.e. Quality measures