



Virtual Private Practice: The Key to Increasing Provider Engagement in an Employment Model



Presenter



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Virtual Private Practice:
The Key to Increasing Provider
Engagement in an Employment Model

BECKER'S _____
HOSPITAL REVIEW





The Goal of Today's Discussion

Build an integrated networks of employed physicians capable of serving as the cornerstone of your organization's transformation in the evolving healthcare environment.

Integrated Physician Networks

Integrated physician networks can help hospitals meet the increasingly complex demands of **Regulators**, **Payer** and **Patients** by:

- expanding services and capabilities
- demonstrated value – the best prices, patient experiences and care outcomes

**The number of hospital-owned physician practices
has tripled since 2002**



Integrated Physician Networks

Physician Engagement:



Essential in order to successfully implement cost, quality and experience initiatives



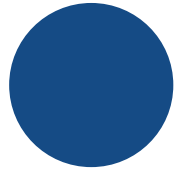
Direct correlation between physician alignment and productivity

Effectively Engaged Physicians:

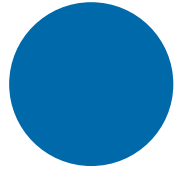
Provide **51%** more inpatient referrals and **3%** more outpatient referrals than unengaged physicians

Are **26%** more productive than less engaged physicians, which equates to an additional **\$460,000** in inpatient revenue per physician per year.

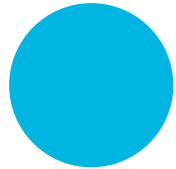
Integrated Physician Networks Challenges



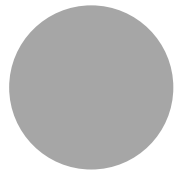
General distrust for hospital administration due to lack of participation in clinical and administrative decisions



Difficult for previously independent physicians transitioning into an employment model



Only **16%** of employed physicians describe themselves as familiar with reporting and performance requirements under MACRA – Physician Foundation



Hospitals can lose an average of **\$176,000** a year per employed physician.

Three Keys to Success

- ① Adapting the organizational culture to better engage and motivate physicians.
- ② Developing compensation plans that align physicians with hospital targets.
- ③ Establishing the necessary infrastructure to optimize physician profitability, efficiency and alignment.

Adapt Organizational Culture

Cultural Best Practices to engage and gain buy-in:



Establish frequent, joint-stakeholder planning sessions



Encouraging physician involvement in hospital administration processes



Expand opportunities for physicians to grow professionally

Develop a Compensation Plan

Virtual Independent Physician Groups:



Independent physician group within a health system



Carefully crafted compensation plan to **Identify** and **incentivize** behaviors that contribute to **shared goals**.



Transparent KPI reporting and commitment to data integrity

Be Mindful of Stark Law

When developing compensation plans:

When developing compensation plans, it is important to abide by Stark law, which includes two stipulations that state:

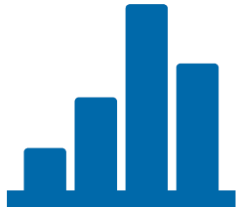
1. Compensation must be consistent with fair market value.
2. Compensation cannot be directly or indirectly determined by the volume or value of referrals.

Compensation can be made in the form of productivity bonuses, based on services performed.

Focusing on measures and outcomes that positively impact the quality of care and patient experience is a better way to encourage performance.



Shaping Rewards to Promote Engagement



Determining rewards to best promote physician engagement and establish benchmarks to accurately assess performance.



Not just internally, but ideally across regional or national cohort groups



Identify opportunities to optimize their compensation plan and better align physician incentives with core hospital competencies and initiatives

Healthy Competition to Nurture Performance

Create a competitive environment that motivates rather than stifles personal performance

Actions to Avoid:

- One provider makes more at the expense of another
- Putting physicians on the defensive about compensation and performance
- Approaching compensation from a disciplinary or authoritarian stance



Healthy Competition to Nurture Performance

Create a competitive environment that motivates rather than stifles personal performance

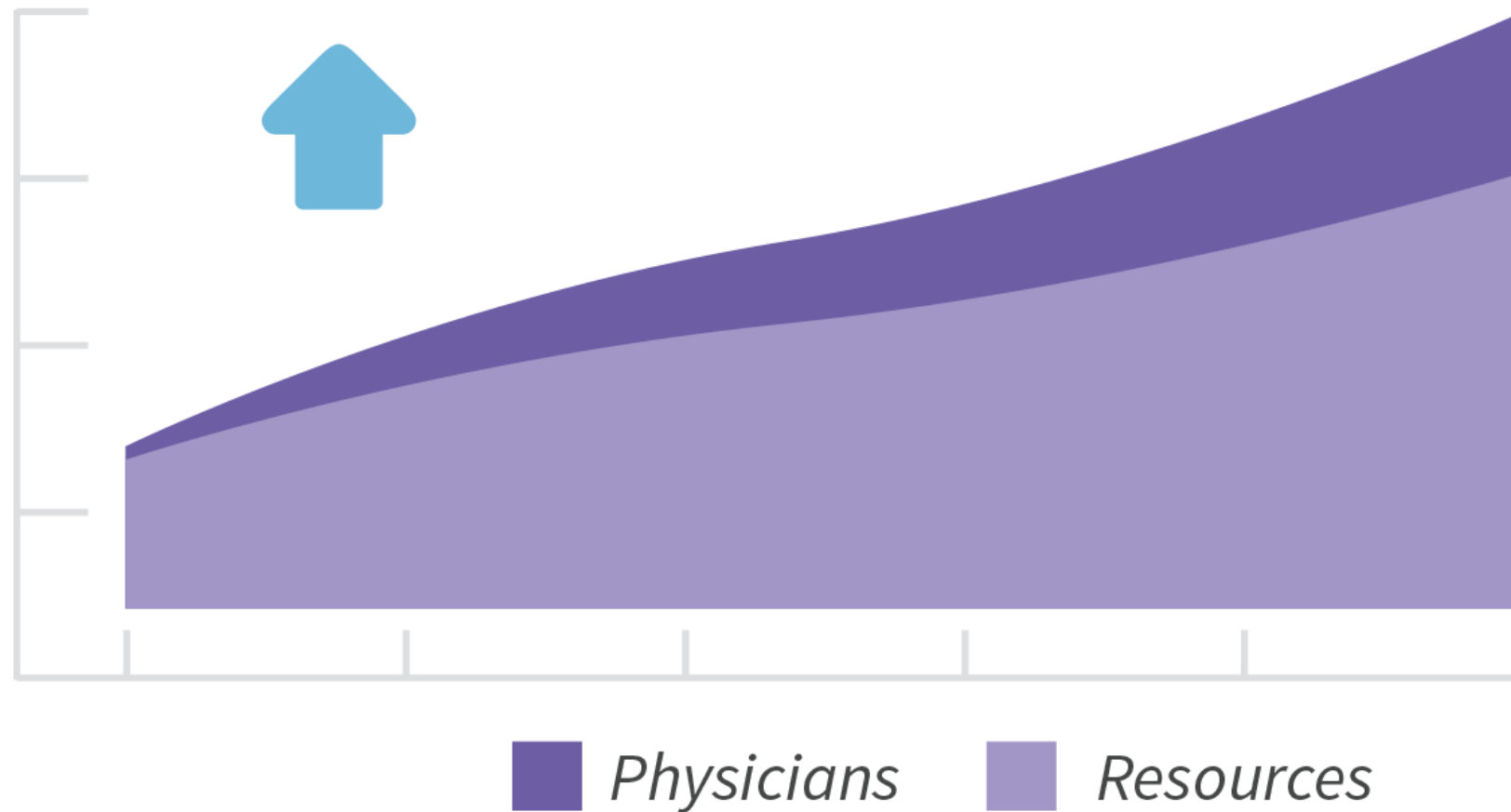
A well-designed incentive compensation system is not a zero sum gain.



- Desired activities being encouraged should increase the size of the revenue pool
- The goal of an incentive compensation plan is that nearly all providers increase their compensation and in turn expand revenue generated by the hospital.

Scale Infrastructure to Achieve ROI

Alignment can be hindered if rate of acquisition outpaces rate at which infrastructure is scaled.



Scale Infrastructure to Achieve ROI

A comprehensive infrastructure of internal and external resources should:



Support physician's practices adapt to regulatory reform



Help physicians achieve the goals administrators have asked of them



Educate physicians to be more mindful of their outcomes and quality goals.



Don't Give Up

Seek collaboration, NOT cooperation.



Questions & Answers



Contact



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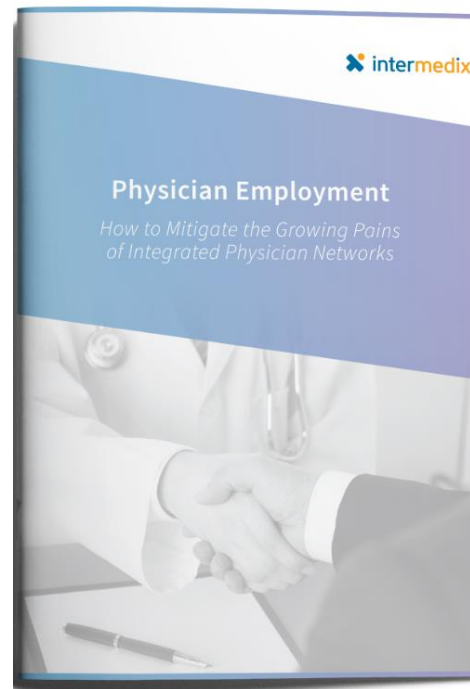
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Physician Employment: How to Mitigate the Growing Pains of Integrated Physician Networks



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