

67

Tips for Developing a High-Performing Physician Network



Dear Colleague:

Hospital executives have honed the skills necessary to successfully manage a hospital. But today, many of these executives believe their long-term success will center on how their employed physician network evolves. However, the variability in scale from physician networks versus hospital operations mandates a different approach.

Today the viability of a health system depends on employed physicians – attracting the right number and mix of providers; improving care processes while reducing costs; becoming financially sustainable; meeting patient quality and service expectations; and strengthening the health system's market position. Accomplishing these objectives is a tall order and requires a different perspective and skill set. **We have the solution!**

Healthcare Strategy Group is the market leader in managing and developing hospital employed physician networks. We can help you and your management team meet these challenges. We have distilled the requisites for success into eight key elements: strategy, culture, quality, brand/identity, physician leadership and governance, infrastructure, financial sustainability, and physician compensation. The “67 Tips” in this book are organized by these eight key elements and represent best practices and proven approaches we have refined since 1999.

If you apply the “67 Tips” in this book, you will be well on your way to building a high-performing physician network! We hope you find this useful.

Sincerely,



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Healthcare Strategy Group is the market leader in managing and developing hospital employed physician networks!

- Full network management under long-term contract;
- Interim management resources;
- Strategic planning for the network;
- Building group culture;
- Strengthening physician engagement;
- Revenue cycle (CBO) improvement;
- Operational assessments;
- Physician compensation plans; and
- Infrastructure development.

We take a shared risk approach with a commitment to refining the strategy, engaging the providers and improving operations. We **guarantee our fees** and once we cover our fees with savings, we share in the upside. Our incentives are aligned with your goals.

If you want to turn your network from being viewed as a drain on hospital operations to a core component for market growth and clinical integration, Healthcare Strategy Group is the solution.

How Does Your Physician Network Stack Up? Take our Free Online Assessment

In just 15 minutes, you can find out how your physician network's performance stacks up against industry best practices with Healthcare Strategy Group's free, online Physician Network Diagnostic Tool.

The tool will not only pinpoint your network's strengths and weaknesses, it will force you to examine big-picture issues such as:

- Your infrastructure's ability to support more physicians
- Your network's financial sustainability
- Your process for engaging physicians and identifying and nurturing leaders
- Whether your physician strategy is in sync with the organization's strategy

After you've completed the multiple-choice questionnaire, our team will provide you with a baseline report that graphs your individual results and compares them with similar physician networks. By using the report as a guide, your organization can embark on a focused performance improvement program to turn your network into a powerhouse for clinical integration and population health.

TAKE THE FREE PHYSICIAN NETWORK DIAGNOSTIC ASSESSMENT NOW

(<http://www.healthcarestrategygroup.com/physician-network-diagnostic-tool/>)

Table of Contents

- 2 Introduction
- 4 How Does Your Physician Network Stack Up?

Our 67 Tips

- 6 Strategy
- 17 Culture
- 24 Quality
- 35 Brand/Identity
- 43 Physician Leadership/Governance
- 52 Infrastructure
- 60 Financial Sustainability
- 72 Aligned Compensation
- 81 What's Next...



Defining your strategy and creating a common understanding with your physicians is a crucial first step to building a high-performing group. Aligning it so that it supports your organizational strategy is likewise crucial.



TIP 1



Align group and organizational strategy.

As you start this process, executive and physician leaders should first review the organization's plan and define the priorities the physician group must embrace to support the overall strategy.

Without a plan, you will not meet your objectives!

***Click here to learn more!**

STRATEGY



TIP 2



Define priorities around the eight key elements.

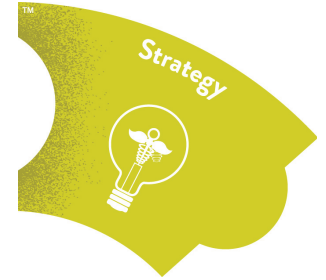
In developing your operational priorities, recognize that you may not be able to tackle all of them simultaneously. Systematically evaluate efficiencies among the eight key elements to your set priorities.

8

STRATEGY



TIP 3



Understand the financial implication.

A focused plan, using these standards, will help your group's financial performance. Document that in a financial plan and define accountability for financial performance. Set appropriate metrics to measure against and be disciplined in assessing results!

9

STRATEGY



TIP 4



Develop Action Plans to guide implementation.

Action Plans must define the steps, owners, timeframes, and resources required. These plans are also a key tool in creating accountability. Hold people's feet to the fire!

STRATEGY



TIP 5



Involve your physicians in the planning.

To get your physicians in the right frame of mind, we like to start with a simple directive: describe the ideal group, one with which they would proudly associate. That helps the physicians begin to think about possibilities on both the clinical and business sides of the equation. You need their input!

***Click here to learn more!**

STRATEGY



TIP 6



Ensure your physicians understand and support the plan.

The best way to accomplish this is to engage them – all of them – in plan development and priority setting. An all-day workshop at the beginning of the planning process is very useful. In addition, a presentation of the completed plan (preferably by physician leaders) will help at process end.

***Click here to learn more!**

12

STRATEGY



TIP 7



Appropriate numbers of both primary and specialty care physicians must be addressed.

A physician needs analysis, supplemented with an assessment of the strategic needs of the hospital/system, will help ensure the group has the right number and mix of specialties to reach your financial objectives.

***Click here to learn more!**

13

STRATEGY



TIP 8



Geographic dispersion of the group members must be addressed.

As you disperse physicians, you must also focus on aggregation. Groups of physicians create synergies; spreading them into small cohorts is a weak strategy. Larger groups equal a strong market presence.

***Click here to learn more!**

STRATEGY



TIP 9



Define and remove barriers to plan success.

Consciously focus on barriers. Understand that early physician involvement (Tip 5) will help, as that can grow into a major barrier if not managed.

STRATEGY



TIP 10



Measure the plan's effectiveness.

Quarterly reviews of the performance on objectives and actions, with the Physician Advisory Board, will propel the process and encourage accountability. We also like to share these results with all physicians on a semi-annual basis. Structured communication is a key to success.

CULTURE



A common culture, guided by a shared vision of the future and behavioral norms, is *the* key to developing a strong group.

CULTURE



TIP 11



Start by discussing culture.

We find it useful to get physician leaders to envision an elite group, and think about behaviors and expectations that would permeate such a group. This helps define the expectations for being part of the group.

CULTURE



TIP 12



Articulate the value of being in the group.

Being able to explain to a new physician the value of group membership is useful in defining and sustaining the culture. Think of this as the “one minute elevator speech” – the sales pitch that will help attract and retain needed talent.

CULTURE



TIP 13



Work to bring diverse practices into the group.

*Unless pushed, individual practices retain their culture.
Have a direct discussion with new groups about expectations
and encourage them to engage with the leadership of the group.
Culture is developed and takes real work.*

20

CULTURE



TIP 14



The Physician Advisory Board should have explicit discussions about culture.

Make it an agenda item. Place it in the context of, “What culture will help us achieve our shared vision? How can we use our culture to differentiate our group?”

21

CULTURE



TIP 15



Incorporate metrics for shared culture in objectives and management controls.

Metrics about patient access or specialist/hospitalist feedback to PCPs is a great starting point. It will help the group reference desired behavior among the physicians.

CULTURE



TIP 16



Focus on new physicians.

Onboarding of new physicians is key to long-term success. Be aggressive about explaining expectations and standards before they start seeing patients. Assign each new physician a physician mentor.



Improving care processes and outcomes has never been more important as reimbursement systems and incentives change. Your employed group is the vehicle that can help you drive change throughout your system.

● ● ● ● ●  TIP 17



Define metrics and measure them.

Tying appropriate clinical and behavioral performance measures to physician compensation is a great way to make them more tangible to the physicians. Most physicians will impact what they understand and can measure.

***Click here to learn more!**



TIP 18



Communicate quality initiatives.

Section leaders vary in communication ability, so communicate electronically and in semi-annual meetings of the full provider group as well. Incentive plans are another great vehicle to get the word out.



TIP 19



Use evidence-based guidelines.

Incorporating these best practices into the EHR and patient assessments are great ways to do this with primary care practices. Otherwise, initially focus your energy on the disease management issues most costly to payers, such as diabetes, COPD, heart failure, etc.

***Click here to learn more!**



TIP 20



Celebrate achievements.

Public recognition is a good mechanism and can also be incorporated into the marketing of the group. Communicating these achievements can help build a strong brand valued by customers, as well as enhance the culture.



TIP 21



Never lose focus on patient satisfaction.

Measure each physician against expectations for interaction during the appointment and timeliness of service; incorporate these expectations in performance evaluations.



TIP 22



Maximize the value of your EHR.

Use your system to drive preventive practices in the primary care setting. Most organizations do not fully use all of the capabilities of EHR platforms. Your EHR is a big investment, take advantage of it!



TIP 23



Leverage care management knowledge with employers.

Begin to facilitate interactions between local employers and physician leaders. Convincing employers that the group can help with care management and quality issues is a great business strategy to ensure you benefit from your investment in quality initiatives.

***Click here to learn more!**



TIP 24



Maintain referrals within the group.

Physicians should want to retain referrals due to the continuity it creates. Same group, same EHR, timely visits, feedback from specialists, and quality services. Make referral retention a quality issue!



TIP 25



Hire and retain the right physicians.

Behavioral interviews and testing should be utilized, even when the physician is a known quantity. Groups need to focus on the physician's cultural fit, not just on clinical knowledge. Getting rid of physicians is difficult. It's much easier not to hire them.

***Click here to learn more!**

QUALITY



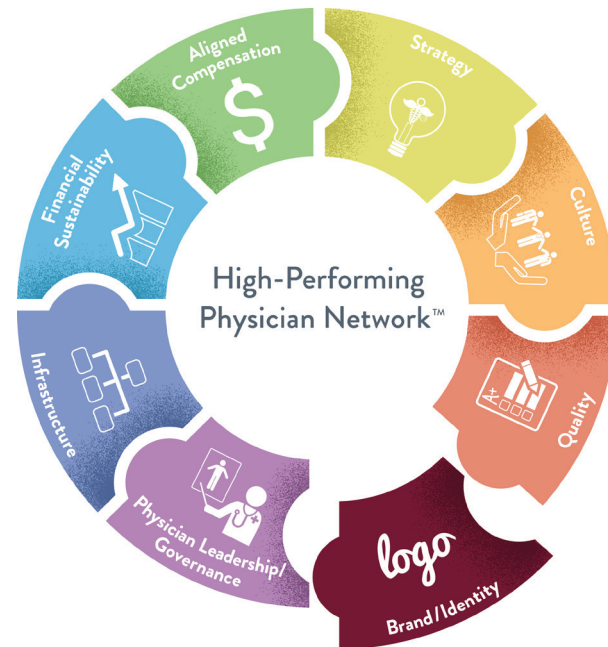
TIP 26



Focus on results desired by payers.

Make sure you maximize reimbursement and make sure insurers recognize your efforts. Begin to turn an adversary into a strategic partner.

BRAND/IDENTITY



Developing a strong brand for your group is a longer-term objective for many health systems, but still important. Your objective should be to have the group and its name mean something, particularly to patients and payers, but also to other providers. Address the foundational elements of the brand now.

BRAND/IDENTITY



TIP 27



Commit to developing a single group brand.

If you are planning to build an elite and effective group that will help position the organization for growth and development, commit to telling that story to the community. Don't perpetuate a weak position by allowing the group subsets to vary from standards of the brand. It's your brand; be proud of it and use it!

***Click here to learn more!**

BRAND/IDENTITY



TIP 28



Develop a marketing budget for the group.

Commit resources to telling the group's story. It will be among your most important services; treat it that way at the budgeting table. Remember, you have the ability to shape patients' perspectives of your quality and services. Take advantage of it!



TIP 29



Develop a marketing/branding plan for the group.

Like any key service, it requires a focused plan. Commit the resources to creating a common message for the group, and define how you plan to have that identity penetrate the market.



TIP 30



Develop marketing resources and advocates within the group.

Creating a marketing culture is hard to do if it's led by external resources. Begin to develop group resources that will help educate the physicians and others, as part of your infrastructure plan.

BRAND/IDENTITY



TIP 31



Understand how customer experiences affect the brand.

Measuring and improving customer experiences has always been important, but now there is money tied to their satisfaction. Begin to create common standards for the group today. It will soon become an integral part of the group's culture!

BRAND/IDENTITY



TIP 32



Align the group and the hospital/health system brand.

While the group will have its own plan and resources, it must fit into the bigger picture: the health system. Coordinate the plan with the health system, and ensure the two are related in the consumer's mind.

BRAND/IDENTITY



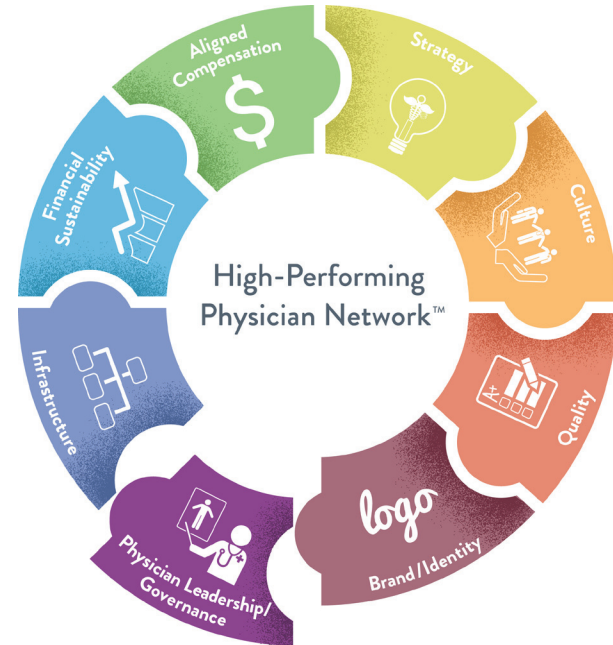
TIP 33



Establish measures for brand preference.

Pick your key measure, either top-of-mind awareness or preference for the group, and slavishly measure it over the next decade. Progress is crucial to measuring the performance of the marketing/branding plan.

PHYSICIAN LEADERSHIP/GOVERNANCE



Physician leaders who understand the big picture and can translate that to physician behavior will be invaluable in the future. Invest in their development and growth.

PHYSICIAN LEADERSHIP/GOVERNANCE



TIP 34



Identify physician leaders and build their strengths.

A formal education and mentoring program can help physicians thrust into this role. Never assume it will occur by osmosis. You must support their efforts!

***Click here to learn more!**

44

PHYSICIAN LEADERSHIP/GOVERNANCE



TIP 35



Define a leadership group for the employed network.

Develop a Physician Advisory Council to oversee quality, financial performance, and other key performance measures. Council members will be your best allies going forward and will help you deal with all sorts of challenges.

45

PHYSICIAN LEADERSHIP/GOVERNANCE



TIP 36



Incentivize physician leaders to build group capabilities as the strategy dictates.

Whether executives or not, physician leaders should be rewarded for positive performance and held accountable when results don't measure up.

46

PHYSICIAN LEADERSHIP/GOVERNANCE



TIP 37



Focus physician leaders on both management and clinical best practices.

Physicians must understand the management side of the business, and you must have their help to integrate the two. Make sure the Physician Advisory Council looks at operational as well as clinical metrics.

47

PHYSICIAN LEADERSHIP/GOVERNANCE



TIP 38



Compensate physicians for their part-time leadership contributions.

If physicians are spending significant time helping the organization achieve useful objectives, pay them at fair market value. Organizations that try to avoid this cost generally fail to build the consensus and focus needed to be successful.

48

PHYSICIAN LEADERSHIP/GOVERNANCE



TIP 39



Engage physician leaders in practice operations issues.

Do not let physicians or their leaders abdicate their role in running the practices. Require them to be patient advocates and take responsibility for practice performance.

49

PHYSICIAN LEADERSHIP/GOVERNANCE



TIP 40



Do not tolerate behaviors that aren't in line with the culture.

Be deliberative but timely if you need to remove a physician. A disruptive physician who will not work with peers will do significant harm over the long run. Move them out ASAP!

50

PHYSICIAN LEADERSHIP/GOVERNANCE



TIP 41



Physician leaders must be accountable for clinical performance.

Clinical performance should be in their standards and expectations, as well as in their incentive compensation plan.

51

INFRASTRUCTURE

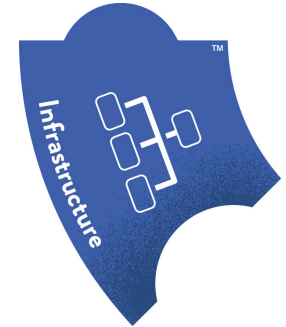


Failure to invest in infrastructure has created more red ink in employed practices than any other single issue. The biggest issue – though not the only one – is an inadequate investment in managerial resources.

INFRASTRUCTURE



TIP 42



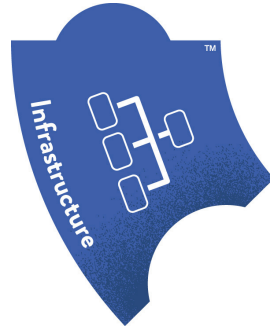
IT must yield the information required to deliver quality care.

Many groups utilize the IT platform adopted by the hospital, and are told to live with the physician module. That makes sense in a hospital-centric world. But as the key driver of success shifts to managing care across a continuum, the quality data from the practices will be essential. Needless to say, the criteria for selecting IT will likely shift.

INFRASTRUCTURE



TIP 43



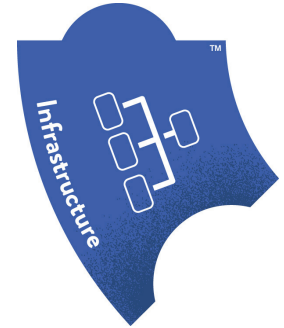
IT must yield the information required to manage the practices.

While easier to acquire than quality data, many hospital-centric systems do not translate well to physician practices. Among the current generation of systems, a number do a decent job with practice operations. Evaluate that capability along with the hospital-specific capabilities.

INFRASTRUCTURE



TIP 44



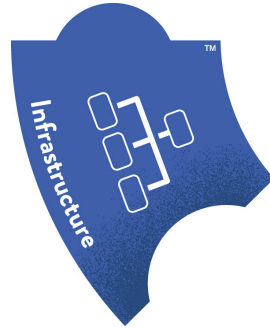
You must have the array of functional resources needed to manage the practices.

Over-invest in financial resources for two reasons. Those investments will help you manage the revenue cycle. They will also help focus your financial systems on producing useful information. Both are absolutely essential for success!

INFRASTRUCTURE



TIP 45



Skills and capabilities of the practice executive are a key success factor.

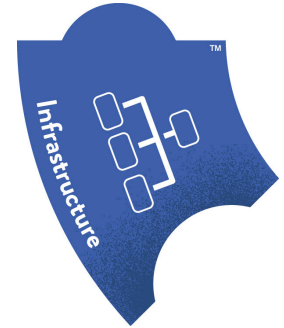
Promoting someone from the hospital to manage the physician network is almost certain to create a fiasco. Invest in a practice manager and build the resources around them to make the group a success. These groups are substantial businesses. Remember that when you make leadership decisions.

***Click here to learn more!**

INFRASTRUCTURE



TIP 46



Your organizational structure must be clear and unambiguous.

We see many hospitals with no clear organizational structure, making it hard to manage and hold people accountable. Reduce the ambiguity. The physicians need to understand how they fit into the organization.

INFRASTRUCTURE



TIP 47



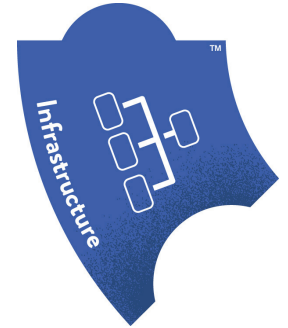
Maximize efficiencies with your organizational structure.

Consider the organizational models that will help you position the network to meet future demands. Understand the trade-offs of your decisions and their long-term impact. Then move.

INFRASTRUCTURE



TIP 48



Acquire the depth of talent needed to manage and grow the group.

One of the biggest mistakes you can make is under-investing, assuming that the practice leader you inherit in an independent practice is good and will meet your needs. Do not make that mistake. Decide what your end structure should look like and fill positions with qualified leaders. The extra benefit is they will be more loyal to the hospital and less beholden to the physicians.

***Click here to learn more!**

FINANCIAL SUSTAINABILITY



Controlling the losses is the biggest immediate challenge for our clients. It is created by the confluence of fast growth, limited investment in talent, and health care executives' limited experience with managing physician networks. Throughout this document are various tips, but these eleven are all useful.

FINANCIAL SUSTAINABILITY



TIP 49



Define your dashboard.

If you are not measuring it, there will be no improvement. With the physicians, define the key measures and manage them relentlessly.

***Click here to learn more!**

FINANCIAL SUSTAINABILITY



TIP 50



Complete comprehensive operational assessments of your trouble spots.

Benchmark your practices and autopsy those that are not performing. Bring in an independent resource, whether another manager or a consultant, to help guide the improvement plan.

***Click here to learn more!**

62

FINANCIAL SUSTAINABILITY



TIP 51



Invest in your revenue cycle.

Hospitals that try to manage this function as a single unit with the hospital's revenue cycle are rarely successful. The divergent scale almost ensures hospital charges will get the attention. Make it a separate function!

***Click here to learn more!**

63

FINANCIAL SUSTAINABILITY



TIP 52



Physicians should be held accountable for costs.

Part of each physician's standards and performance goals should address practice costs. Give them the data and hold them accountable.

FINANCIAL SUSTAINABILITY



TIP 53



Credential providers with payers before you employ them.

Many hospital executives don't understand this issue. If the providers are not credentialed, you cannot collect from payers and face months of losses and cash flow challenges. Start the credentialing process the day you agree to hire the physician. No exceptions!!

FINANCIAL SUSTAINABILITY



TIP 54



If you control 30-35% of the PCP community, you can leverage the payers.

Invest in primary care, then tie the negotiation of their contracts (and other specialists) to the hospital/system negotiation schedule. You will get the insurers' attention. They may be able to compete without your hospital, but your PCPs are essential.

FINANCIAL SUSTAINABILITY



TIP 55



Leverage your growing care management capabilities with payers.

Talk to the payers about their willingness to differentiate payments for medical homes or other care management systems. We have seen payers come to the table with other ideas as well, such as one-sided cost sharing. If you don't ask – you don't get!

***Click here to learn more!**

FINANCIAL SUSTAINABILITY



TIP 56



Know how many PCPs you need to support each specialist.

If you had a totally closed network, how many PCPs would be required to keep your specialists busy? This is a “must” to know, especially when building your primary care strategy.

FINANCIAL SUSTAINABILITY



TIP 57



Set a target for a positive operating margin.

To most this is a big stretch, but model where the practice would be at peak performance, and set about moving the practice in that direction. We recommend excluding corporate allocations from this modeling.

***Click here to learn more!**

FINANCIAL SUSTAINABILITY



TIP 58



Manage to ensure losses per provider decline with new additions.

As the practice grows and management matures, scale should create benefits. Put this metric on your dashboard and manage to it.

70

FINANCIAL SUSTAINABILITY



TIP 59

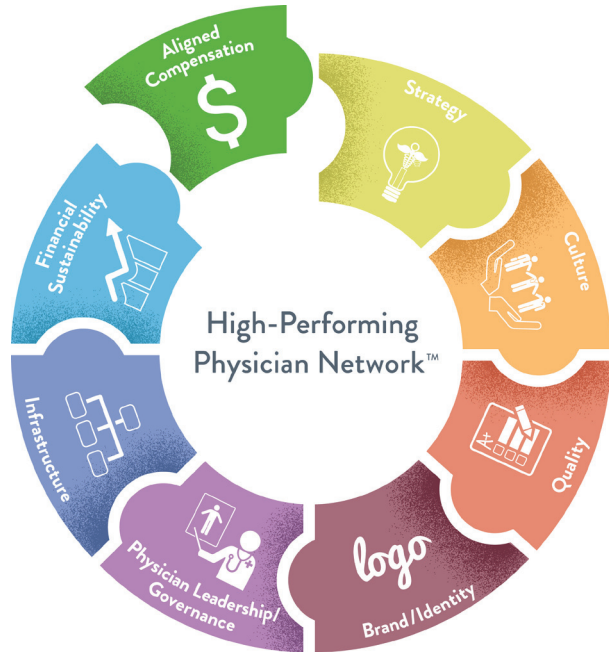


Recognize the physicians' contributions to the system overall.

The most egregious mistake hospital executives make (and allow boards to make) is to pull out the ancillaries and then forget that reality. Your organization must recognize these pieces of the puzzle, and the total must still meet expectations on return.

71

ALIGNED COMPENSATION



Physician compensation is the largest cost in the practice. It must be used to align physician behavior with the actions needed to make the system successful. Controlling that evolution over time is and will remain a challenge, and requires active management and physician involvement.

ALIGNED COMPENSATION



TIP 60



Compensation plans must reinforce the results required for success.

Your plans must evolve with the times, and increasingly we are recommending plans that focus more on quality. Balancing productivity, quality outcomes, and cost effectiveness is difficult to do without a strategy for compensation. Don't overload it!

***Click here to learn more!**

ALIGNED COMPENSATION



TIP 61



Develop a system to ensure provider contracts are within fair market value.

This is potentially a problem from a compliance and physician satisfaction perspective. Have an internal system or seek outside opinions, if needed. This reality can also help you control physician expectations.

***Click here to learn more!**

ALIGNED COMPENSATION



TIP 62



Create incentive programs for all employees.

Incentivizing front office staff to fill the schedule usually works like magic. The office is busy, productivity rises, and revenue from those last few patients each day goes directly to the bottom line. Having a successful practice requires a team approach.

ALIGNED COMPENSATION



TIP 63



Create a consistent methodology for compensation.

Create a cohesive framework that can work across all specialties, to ease administration and create an atmosphere of fairness. At all cost, avoid varying compensation from contract to contract.

***Click here to learn more!**

76

ALIGNED COMPENSATION



TIP 64



Ensure providers understand the behaviors required to increase compensation.

Meet with each physician to review performance and discuss expectations. Their deep understanding will help you get what you want and help the physicians meet personal objectives, once the plan is well defined and appropriately developed.

77

ALIGNED COMPENSATION



TIP 65



Ensure physicians cover their salary and benefits.

Once a physician is established (no more than two years), make sure the direct expenses are covered. If not, you should likely not renew the physician's contract unless it is a strategic or coverage issue.

ALIGNED COMPENSATION



TIP 66



Physicians need a wRVU expectation.

While this is getting less weight with each passing year, it should be a core expectation. Over time, it will help you minimize the number of physicians you need to add to the mix. Shorter term, while we are still in a largely fee-for-service world, it makes good business sense.

ALIGNED COMPENSATION



TIP 67



Adjust pay downward if the physician is not achieving targets.

You need a system to adjust pay downward for those not meeting expectations. This system must be well understood by the physicians, and adjustments should not be a surprise.

What do I do next?

Thanks for your interest. If you are interested in discussing our diagnostic tool on a deeper level or would like additional information on the tool, please contact John Hill, Partner, at (502) 814-1185 or jhill@healthcarestrategygroup.com or Matt Ullum, Senior Manager, at (502) 614-4283 or mullum@healthcarestrategygroup.com.



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About Healthcare Strategy Group

HOSPITAL-PHYSICIAN ALIGNMENT, GUARANTEED RESULTS

Healthcare Strategy Group guarantees we will transform your physician alignment strategy to build market power and financial strength, while delivering meaningful savings. Through proprietary tools, such as our Physician Network Diagnostic Tool, we provide a strategic, best practice approach to developing and raising the value of employed physician networks and aligning with independent physicians.

CLIENT VALUE PROMISE

We promise to earn your trust by taking the time to understand the challenges you face and developing innovative, practical and guaranteed solutions. Our goal is to become a valued member of your leadership team.

AWARDS & RECOGNITION

Our track record for delivering value speaks for itself. For the past five years, Healthcare Strategy Group has been named to Inc. Magazine's list of fastest-growing, privately-held U.S. companies and repeat business accounts for 75 percent of our annual sales, a testament to the value we provide to our clients.