



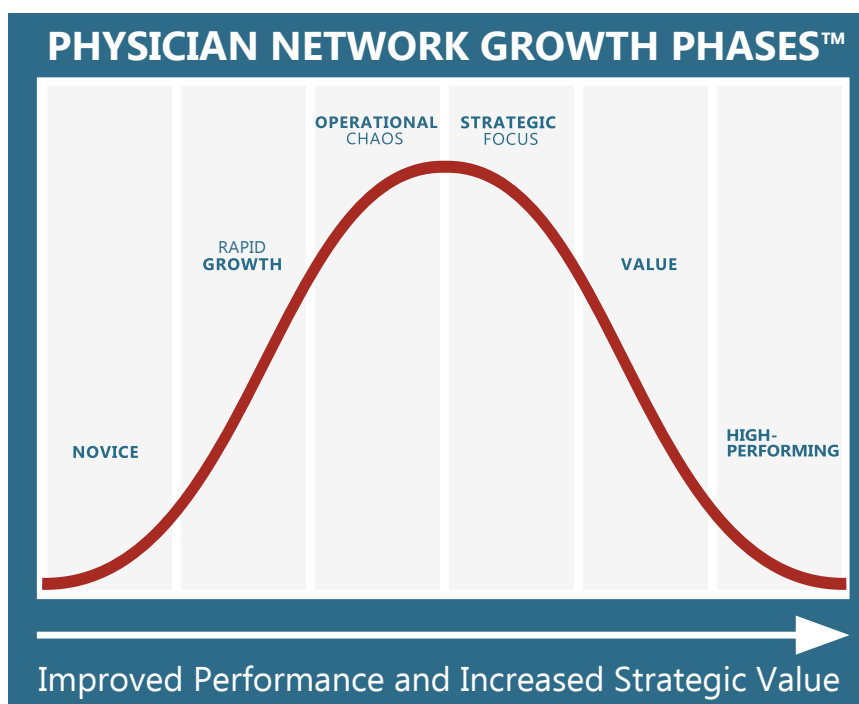
A GUIDE TO HELP REDUCE FINANCIAL BURDENS ON YOUR ORGANIZATION



INTRODUCTION

In recent years, the number of physicians employed by hospitals has exploded, and the size of those employed networks have seen equal amounts of growth. Often, an employed network may have doubled or tripled in size from 30 providers to 100+ providers. In many cases, the management and executive talent required to lead these multimillion dollar networks has not kept pace with that growth. Without this management expertise in physician management, losses will continue to mount for the organization. Making sure you have the right management team in place that is asking the right questions and providing executive teams with the appropriate metrics will help determine the success of the network.

As a consulting firm specializing in physician/hospital alignment and employed physician networks, HSG has in-depth knowledge of and firsthand experience addressing the challenges and difficulties faced by networks. We have found that hospital-employed physician networks progress and evolve across a predictable evolutionary curve, or as we like to call it, **Physician Network Growth Phases™**.





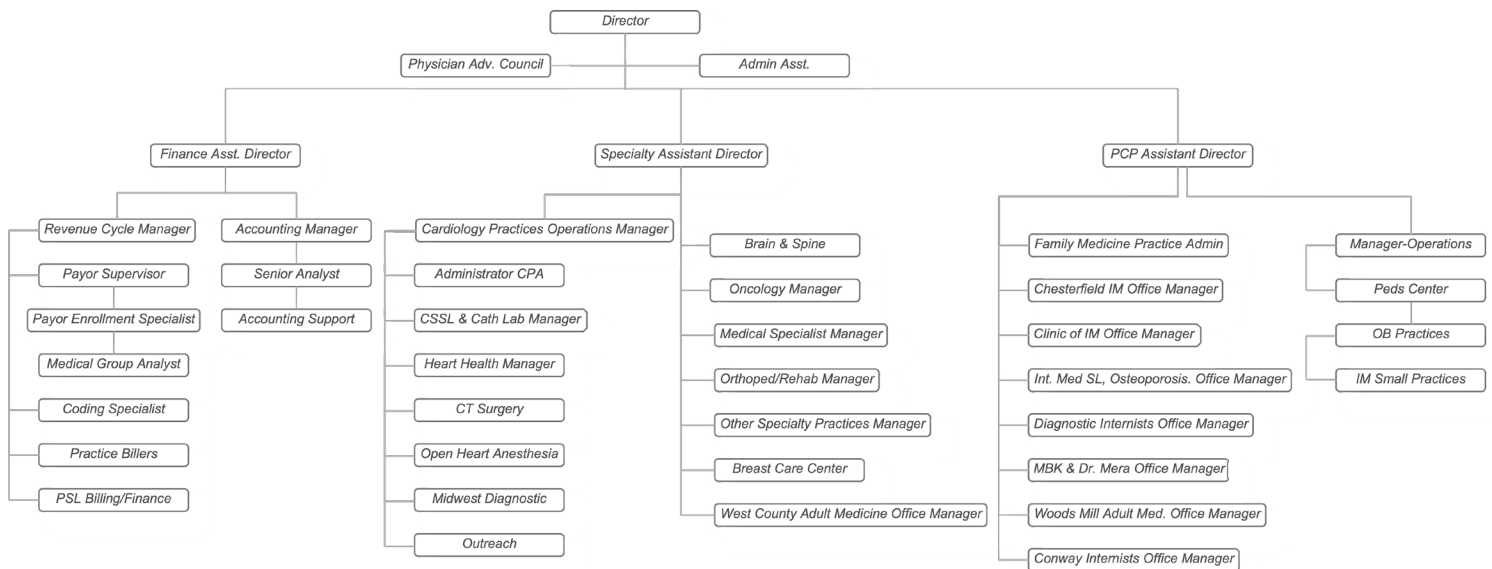
SIGNS AND SYMPTOMS

Typically, we see that clients who have recently progressed from the rapid growth phase are the ones who are currently struggling through the operational chaos phase. These networks exhibit certain signs that the management infrastructure and organizational chart need attention.

- **Lack of defined organizational chart with roles and responsibilities**
- **Large span of control for network practices and accountable middle management team**
- **Inability to produce network level data and metrics to the executive team**
- **No standardization across the network with policies and procedures**
- **No “dedicated” resources for revenue cycle functions as it relates to the physician network**
- **Lack of physician engagement or some type of provider leadership council**
- **Inability to monitor and manage referral patterns and leakage from the network**

Physician Networks are not built overnight and the path to improvement will not be an overnight success. It will take time to address and prioritize a plan to begin to stave off and minimize the financial losses of these networks. However, without the right people in the right positions with defined roles, it is unlikely that an organization will have the management horsepower to implement needed changes and move into the value phase.

ORGANIZATION CHART AND MANAGEMENT – THE WHO



Sample Organization Chart

These large employed networks are basically functioning as a multimillion dollar service line of the overall organization. The level of executive leadership required to run these networks has increased, but many of our clients are still relying on the old “office manager” candidates to lead these networks, and recruit and compensate those manager positions with a commensurate salary. An appropriate Executive Director or VP Physician Services candidate should have a minimum of five to seven years of physician network management experience. The level of expertise required to effectively manage these networks is driving the price you will pay for that talent. Be willing to pay it.

Is it possible for one executive to effectively lead 75+ providers in 18 different practice locations? Likely not. We recommend, at a minimum, 4 different positions in middle management to help with that span of control.

- **Director of Primary Care**
- **Director of Specialty Services**
- **Director of Finance/Revenue Cycle/Central Billing**
- **Director of IT**

As networks begin to evolve their management infrastructure, a fifth position, Director of Quality, will be necessary to begin to help implement and guide changing reimbursement.



SYSTEMS AND METRICS – THE WHAT

Once the appropriate team is in place, it is imperative that an organization develop standardized policies, procedures, and systems, and begin to focus on measuring and monitoring key performance measures. Equally important, but often lost, is putting a team in place that knows their specific responsibilities and is held accountable to implement these items. Driving variability out of network will begin to maximize what managers should be spending time doing. Regardless of specialty or location, each office should be operating consistently across the board.

- Phones are answered in the same way.
- Each office has the same policy and procedure manual.
- Each office collects money and closes the day in the same way.
- Each physician contract has the same standardized term sheet, with variable compensation by specialty.
- Recruitment and onboarding of new talent is standardized.

If you are having to ASK the network executive and their team for key performance measures, education or change is needed. On a monthly basis, that position should be reviewing with your team items below at the network level and identifying what it means and how to improve.

- Physician Production
- Network and office staffing
- Revenue Cycle Metrics
 - Charge capture
 - Days in AR
 - Aging
 - Onboarding providers
- Referral capture
- P & L

By now, it should be easy to recognize that these networks need dedicated resources in order to lessen the financial burden on the overall organization. We often see one of the most important aspects of physician management, revenue cycle, take a back seat to hospital revenue cycle. Revenue cycle for an employed physician network can be a complex process which begins the moment a physician is recruited and ends with the successful payment of a claim.

Physician recruitment and onboarding

Make sure someone is accountable for ensuring all providers are credentialed with commercial payors to prevent unpaid services.

Front Desk Procedure

Make sure every office in the network is collecting the necessary demographic and insurance verification, as well as collecting any copays and patient balances.

Charge capture

Ensure charges are entered in a timely manner.

Coding and Documentation

Make sure all providers and coders are up-to-date.

Work the claim

Have a dedicated team in the billing office working these claims.

DON'T FORGET THE PROVIDERS!

The current changes and reform occurring in healthcare necessitate the need for provider engagement. If the administrative leader of your employed physician network has not created some sort of provider advisory council, that should be made a priority. If there is an existing council in place, use that forum as a chance to get providers involved. Hallmarks of an effective council include:

- Clear charter and responsibilities
- Clear vision statement
- Working and operating subcommittees
 - IT
 - Quality
 - Operations and Finance
- Medical director that works in conjunction with administrative executive or formally in dyad leadership role

This group is not the kind that meets monthly and gets “updates.” An effective council will consist of a good cross section across the spectrum of specialty, geography, and age. If used properly, this council should help you pick the quality metrics you are measuring at the practice and network level, and measure and monitor them monthly. Garner input from this group to help coordinate change with items such as moving to a new EMR or addressing coding/documentation issues or outstanding charts.

CONCLUSION

Physician networks are complex entities. Managing them effectively requires investment in talent and other appropriate personnel resources. Not allocating that time and those resources to find experienced network executives can be even more costly in the long run, and will only slow the progression of a network to move into the value phase.



GETTING STARTED

HSG works with health systems across the country to build high-performing networks. We want to help your network evolve through the Physician Network Growth Phases and develop the necessary competencies.

Please feel free to reach out to us to schedule a discussion about a performance improvement initiative for your network.



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WHO WE ARE

HSG builds high-performing physician networks so health systems can address complex changes with confidence.

From boosting market power and financial strength to preparing for value-based care, we can help you define your strategy, implement that strategy, and manage your physician network short-or-long-term. We guarantee results and deliver the greatest value as a trusted member of your team.



PHYSICIAN STRATEGY

- Physician Alignment Strategy
- Strategic Plans with Physician Focus
- Employed Physician Network Strategy
- Creating Shared Vision
- Service Line Strategy & Co-Management
- Provider Manpower Planning



PHYSICIAN NETWORK OPTIMIZATION

- Network Performance Improvement
- Network Revenue Cycle
- Aligned Physician Compensation
- Practice Acquisitions
- Fair Market Value Opinions
- Interim Management
- Referral Capture/Network Integrity



VALUE-BASED CARE

- Practice Transformation
 - Care Coordination
 - Population Health
- Direct Contracting
- Bundled Payments
- ACO Development and Optimization

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