How To Develop The Right

HSG | MANAGEMENT INFRASTRUCTURE

For Your Physician Network

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HSG

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12 Years at HSG
23 Years in the Industry

Strengths

- Employed Physician Network Management
- Physician Network Assessment/Optimization
- Network Revenue Cycle Optimization
- Physician Alignment and Engagement
- Network Executive Recruitment/Contracting

Client Accomplishments

- Improved quarterly collections for client's employed physician network by $1.7 million dollars by putting someone onsite and enhancing revenue cycle procedures.
- Successfully recruited and placed onsite contractor (interim) and permanent executive for several clients

PROFESSIONAL EXPERIENCE

Mr. Creech's career has revolved around the management of physician enterprises and employed physician networks. Early in his career, he was based in the physician/hospital development division of a large acute care facility in Louisville, Kentucky. It was there that he learned how to effectively manage large and small practices. As his career advanced, his responsibilities increased over all the employed and managed physicians in the network. Developing standardized policies and procedures in tandem with recognizing the need for clear roles and responsibilities to enhance management infrastructure has always been his standard goal.

EDUCATION

Mr. Creech holds Masters Degree in Business and Hospital Administration from Xavier University and a Bachelors Degree in Economics and Management from Centre College.

TODAY'S **OBJECTIVES**

- Understand the concept of Management Infrastructure
- Identify signs and symptoms of management infrastructure deficiencies
- Identify Best Practices for physician network infrastructure.
- Identify key performance metrics that your teams should be reviewing consistently
- Define the skills and expertise of your network leadership

Content – Clinical Practice Transformation

Management Infrastructure Defined

Having the right people in the right positions with clear and accountable roles and responsibilities with dedicated resources to support the employed provider network.

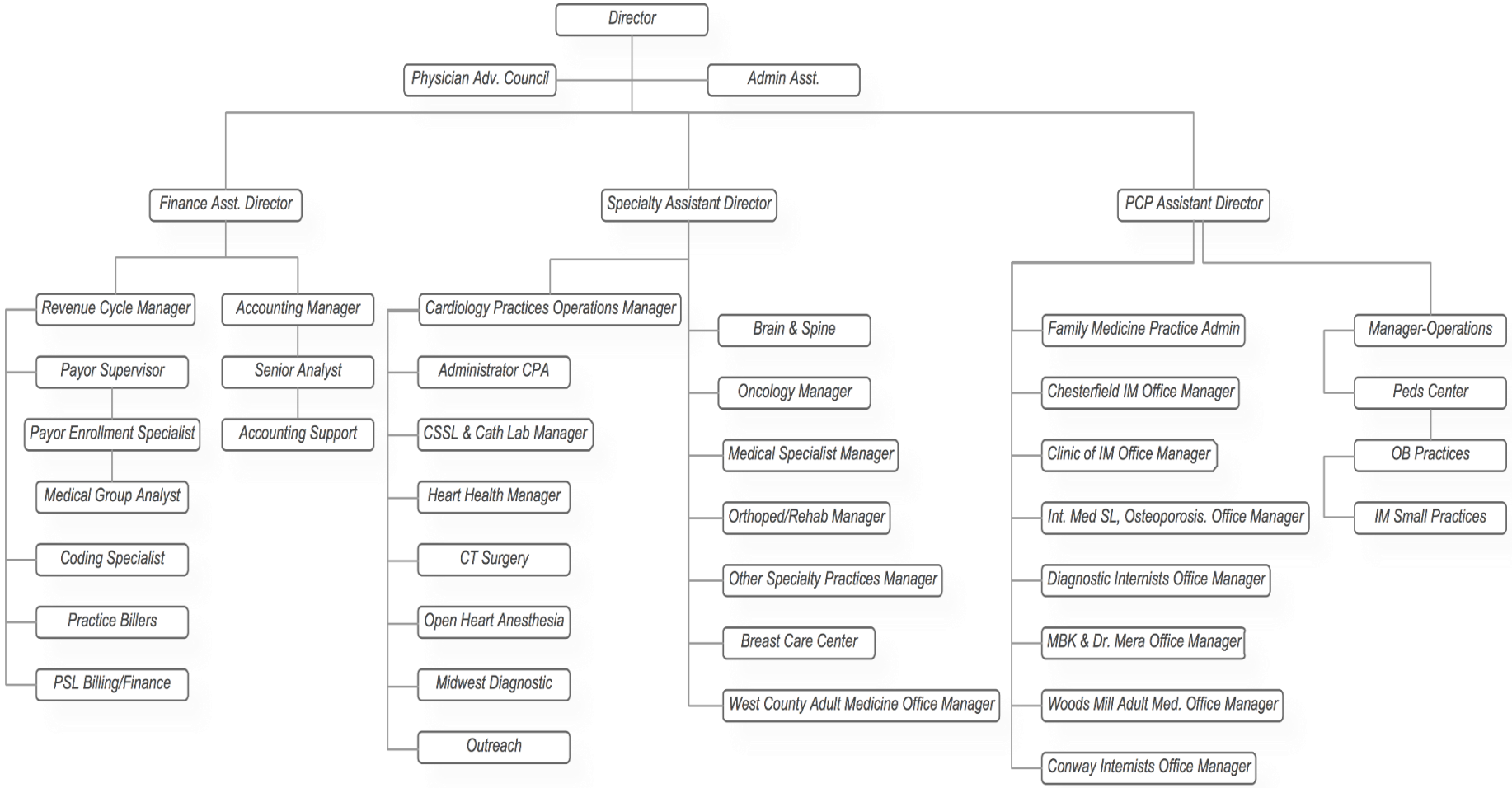
Where Does it Fit in **Network Maturation?**

Physician Alignment Strategy	**Management Infrastructure**	Network Performance Improvement	Shared Vision / Culture	Early Risk Contacting (ACO, Direct Contracting, Bundled Payments)	Leverage Network in Marketplace
Define Compensation Principles	**Physician Leadership Development**	**Revenue Cycle and Productivity Systems**	Network Strategic Plan, Integrated with System Plan	**Optimize Physician Engagement in Performance Improvement**	Full Risk Contracting
Interim Management	Acquisition and FMVs	**Physician Advisory Council Enhancement**	**Clinical Practice Transformation / Population Health**	**Quality and Patient Experience Focus Across Continuum**	Manage populations
Executive Search	IT Strategy	**Enhance Management Infrastructure**	**Quality / MACRA / Patients Experience**	Brand Enhancement	Provider of Choice
		Referral Capture/ Network Integrity	Aligned Incentives, Compensation		

Signs and Symptoms That Management Infrastructure Needs Attention

- Recent and rapid growth
- Lack of defined organizational chart with roles and responsibilities
- Large span of control for network practices with 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 and IT 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

Best Practices – Org Chart



Best Practices – Org Chart (cont.)

Additional Org Chart Considerations

- As your network continues to evolve its management infrastructure, consider the additions below.
  - Director of IT
  - Director of Quality

Systems and Key Metrics

Key Systems and Processes

- Each office has the same policy and procedure manual
- Phones answered in the same way
- 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 and providers is standardized

NOTE: There has to be a culture within the management team to drive and implement these initiatives

Systems and Key Metrics

Key Metrics

- Physician production
- Network and office staffing
- Revenue Cycle Metrics
  - Onboarding provider checklist
  - Charge capture
  - Days in AR
  - Aging
  - Denial
- Practice and network level P & L
- Referral capture

NOTE: If you are having to ASK the network executive and their team for this information, education or change is needed.

Sample Practice Benchmark Dashboard

Name of Practice/Rollup:	Sample Data					
Specialty:	Family Medicine					
Benchmark Percentile:	50					
Service Line:	Primary Care					
Metric	**FY 2016**	**FY 2017**		**Variance 2016 to 2017[1]**	**HSG Benchmark**	**Variance from Benchmark**
Operations:						
Physician FTEs	4.2	3.7		(0.6)		
APP FTEs	1.0	2.0		1.0		
Provider FTEs	5.2	5.7		0.4		
Net Income or (Loss) per Provider	($157,982)	($206,423)	🔴	($48,441)	($112,850)	🔴 ($93,573)
Total Operating Cost as % of Net Patient Revenues	64.2%	73.2%	🔴	9.0%	69.3%	🔴 3.9%
Total Provider Cost as % of Net Patient Revenues	67.9%	74.5%	🔴	6.6%	60.6%	🔴 13.9%
Building and Occupancy Expense as % of Net Patient Revenues	7.6%	7.8%	🔴	0.2%	8.5%	🟢 -0.7%
Total Physician Cost per Provider	$271,685	$210,548	🟢	($61,137)	$193,000	🔴 $17,548
Total APP Cost per Provider	$29,877	$39,280	🔴	$9,403	$47,682	🟢 ($8,402)
Total Provider Cost per Provider	$301,562	$249,828	🟢	($51,734)	$239,785	🔴 $10,043
Building and Occupancy Expense per Provider	$34,877	$35,202	🔴	$325	$35,961	🟢 ($759)
Provider Productivity %ile less Compensation %ile	(5.0)	(17.8)	🔴	-12.8	0.0	🔴 -17.8
Average Comp %tile per Physician	73.0	78.0		5.0		
Average Comp %tile per APP	60.0	44.0		(16.0)		
Average Comp %tile per Provider	71.0	74.0		3.0		
Total Support Staff FTEs	11.0	13.2		2.2		
Total Support Staff FTE Cost	$502,317	$617,589		$115,272		
Total Support Staff FTEs per Provider	2.1	2.3		0.2	2.2	🔴 0.1
Total Support Staff FTEs per 10,000 wRVUs	4.8	5.5		0.7	3.9	🔴 1.6
Revenue Cycle:						
Total Net Patient Revenues	$1,905,665	$1,756,984	🔴	($148,681)	$2,758,946	🔴 ($1,001,962)
Days in AR	45.4	43.2	🟢	(2.2)	36.1	🔴 7.1
Adjusted FFS Collection Rate	96.7%	95.4%	🔴	-1.3%	96.9%	🔴 -1.5%
% Commercial Charges	39.5%	40.5%	🟢	1.0%	54.9%	🔴 -14.4%
Total Collections per Provider	$364,372	$310,421	🔴	($53,951)	$494,875	🔴 ($184,454)
Total Collections per wRVU	$84	$74	🔴	($10)	$79	🔴 ($5)
Volume/Throughput:						
Average wRVU %tile per Physician	64.0	58.0	🔴	(6.0)	50.0	🟢 8.0
Average wRVU %tile per APP	75.0	44.8	🔴	(30.2)	50.0	🔴 (5.2)
Average wRVU %tile per Provider	66.0	56.2	🔴	(9.8)	50.0	🟢 6.2
wRVUs Total: Physician(s)	18,254	17,250	🔴	(1,004)	17,970	🔴 (720)
wRVUs Total: APP(s)	4,478	6,584	🟢	2,106	8,616	🔴 (2,032)
wRVUs Total: All Providers	22,732	23,834	🟢	1,102	26,586	🔴 (2,752)
% of Appointments Filled	51.2%	54.2%	🟢	3.0%	95.0%	🔴 -40.8%
No Show Rate (%)	4.7%	4.3%	🟢	-0.4%	6.0%	🟢 -1.7%

Priority for Management Review: High

Variance in Net Income from Benchmark: ($533,366)

Practice Overview:

- Provider complement grew from 2016-2017, however volume receded. This has caused a number of metrics to grow out-of-line with benchmarks. Viability of current number of FTEs should be evaluated.

Areas of Concern:

- Provider productivity
- Staffing levels at current productivity
- Mismatch of compensation to production
- Declining Collections per wRVUs
- Increasing overall loss per provider

Opportunities for Improvement*

Building & Occupancy Cost	$0
Provider Compensation	$120,622
Support Staff Cost per 10,000 wRVUs	$178,763
Net Patient Revenue per wRVU	$125,902
wRVU Production	$202,847

**Note: Opportunities for Improvement are potentially not cumulative, depending on metric.*

Provider Engagement

Provider Leadership/Advisory Council

- Clear Charter and responsibilities
- Clear Vision Statement
- Adequate cross section of network, by:
  - Specialty
  - Geography
  - Age
  - APPs
- Working and operating subcommittes
  - IT
  - Quality
  - Operations and Finance
- Medical Director that works in conjunction with administrative executive, or formally, in a dyad leadership

Skills Needed

- Employed Physician Networks are Multimillion dollar entities/service line of over all organization
- Requires shifting the old “office manager” model
- Appropriate Executive Director or VP of Phys Services
  - Minimum of 5 to 7 years experience
  - Multi-site, multispecialty networks
- Level of experience and expertise required is driving the price of this talent, be willing to pay it
- Consider use of Interim Executive

Thought Leadership from HSG

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ABOUT HSG ADVISORS

Headquarters: Louisville, KY
Formed: 1999
Client Base: 95% Non-Profit Hospitals & Health Systems
Focus: Hospital Physician Network Strategy & Execution

Our Health System Partners

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

Questions