HSG | MEDICAL STAFF DEVELOPMENT PLANNING

CORE CONSIDERATIONS IN TODAY'S HEALTHCARE ENVIRONMENT

MEDICAL STAFF DEVELOPMENT PLANNING

Health systems have historically utilized **Medical Staff Development Plans** to build physician recruitment plans that address community needs in their market. For most health systems, this involves performing a provider supply and demand study, evaluating medical staff age issues, and building a limited physician-focused recruitment plan that focuses on addressing gaps in community need.

Today's healthcare environment demands that Medical Staff Development Planning evolve to a more strategic function, given the importance of providers in the execution of a health system's overall strategy. Also, given the relative lack of physicians in relation to demand, Medical Staff Development Plans must more closely evaluate the recruitment and deployment of Advanced Practitioners, not just in primary care but in specialty practices as well.

MOVING BEYOND COMMUNITY NEED

Over the last 20 years, the "community need assessment" has been at the core of health system Medical Staff Development Planning. Defining whether a given market was "undersupplied" or "oversupplied" with a particular specialty become one of the core considerations when deciding whether or not to add a provider FTE to the recruitment plan. In the mid-to-late 2000s – when in a majority of markets employment had not yet again become the dominant strategy for provider alignment – this approach made sense. Stark made physician recruitment largely an effort in justification of community need and health systems analyzed markets with that objective in mind.

In today's environment, medical staff development planning should be the tool with which health systems answer the question **"How do we execute our strategy through our providers"** and not just **"How do we meet the needs of the community?"**

Today's healthcare environment forces health systems to ask a different set of questions when considering Medical Staff Development Planning. The rise of employment has changed the dynamics around physician recruitment as well as the requirements for legal validation needed to justify health system support for recruitment. Under employment, health systems are largely free to determine their own recruitment needs without the need to address Stark exemptions or find private practice partners to facilitate their recruitment. On top of this, the vast majority of newly graduated residents in the last five years prefer to seek employment arrangements. These dynamics have resulted in health systems having greater flexibility available to them in their approach to recruitment.

THE IMPERATIVE FOR A DIFFERENT APPROACH

In our work across the country, we still see health systems approaching Medical Staff Development Planning with the "community need" mindset which includes some or all of the following behaviors:

1. Evaluating provider need through the lens of one question: "Does our market have an under/over supply of (insert specialty)." An alarming number of health systems ask this, and only this, question when considering physician need. The answer becomes the basis by which recruitment decisions are made – completely absent of the strategic context that health systems should be layering around their Medical Staff Development Planning decisions.
2. Tasking decision making to a non-strategic "Medical Staff Development Planning" or "recruitment" committee, that is not directly involved with the health system's strategic planning or integrated with the employed network's management infrastructure.
3. Assessing provider need on a three-year (or longer) timeframe, and not being responsive to changing market conditions and/or health system needs.
4. Assessing only physician need, and not considering the role of the Advanced Practitioner.

After years of helping organizations through strategic planning and Medical Staff Development Planning, we at HSG believe a different approach to Medical Staff Development Planning is required for health systems looking to execute their strategy and maximize their ROI on provider recruitment decisions. The "community need" mindset must evolve if manpower plans are going to create the appropriate recruitment priorities.

ACKNOWLEDGING THE IMPACT OF EMPLOYMENT

For health systems looking to evolve their Medical Staff Development Planning to be a strategic effort that is in sync with the organization's goals, different questions must be asked. More significant effort and resources must be applied to the process. Hospitals and health systems must embrace the concept that the multimillion dollar investment it will make in physicians (and advanced practitioners) must be defined explicitly within the context of the organization's strategy and done so with the realization of how employment has changed the dynamics of developing Medical Staff Development Plans. Failure to do so will result in the recruitment of providers who do not fit the organization's strategic goals, or even worse, failure to recruit the providers the organization ultimately needs to be successful.

GETTING THE RIGHT TEAM TO THE TABLE

To build a different, more impactful approach to Medical Staff Development Planning, a health system must start by getting the right people involved in decision making. Recruitment planning should not be driven by a non-executive committee, nor should it be driven by the executive team alone. The right people need to be around the table, reviewing the same data, asking and answering the same questions, and making decisions as a team. Failure to do this results in multiple executives executing their own individual strategies, which will likely be incongruous and much less successful than an aligned strategy.

CORE CONSIDERATIONS FOR EFFECTIVE MEDICAL STAFF DEVELOPMENT PLANNING

HEALTH SYSTEM STRATEGY CONSIDERATIONS

1. **Revenue Goals. How many providers must we employ (or align with) to meet a revenue target?**

   This may relate to a specific service line, the employed provider network or the hospital/health system overall. It often takes the form of what primary care base is needed to capture patients in our system that will drive needed volume to core specialties. HSG often sees health systems take the approach of figuring out what they need to recruit, and then projecting the revenue those providers will generate for the health system – however, revenue should be an objective, not a by-product, of a well-executed Medical Staff Development Plan.

2. **Service Line Capabilities. What providers do we need to recruit to create an excellent service line?**

   This question goes beyond FTEs of providers, although having a supply that creates superior access is important. The important consideration is what array of capabilities are needed to be the market leader in a given service line and whether the volume exists with the health system's current market strategy to keep that provider busy.

3. **Geographic Reach. What ambulatory access points and what providers do we need to create the geographic reach required for the hospital to be a success?**

   A health system's recruitment plan must reflect its ambition for growth – new markets cannot be penetrated without a provider presence. This often takes the form of primary care access points, but can also include hospital-based-and-ambulatory specialties. Proactively defining growth goals ensures the health system does not have empty office suites in new markets awaiting providers to be recruited and credentialed.

4. **Referral Capture. Are there provider splitters that the hospital should target for employment with the physician network?**

   Beyond simple numbers, are there providers who could add volume if they are acquired? Or alternatively, if a competitor were to acquire the provider, would it cause the hospital damage? While altering referral patterns is not simple, newly employed providers generally understand that they need to refer within the network.

5. **Population Health Management. What mix of providers and supporting staff is required to best manage populations?**

   This imperative may change your perception of needs for providers who manage chronic conditions. HSG sees many organizations focused on recruiting providers such as endocrinologists or psychiatrists, recognizing that they may help keep patients healthy. The interest is generally greater than if the hospital were to solely focus on the revenue generated by these providers in a fee-for-service market.

EMPLOYED PROVIDER NETWORK CONSIDERATIONS

6. Employed Subsidy Tolerance. How comfortable are we with increased employed provider subsidies?

Only a handful of employed networks across the country operate without subsidies from the health system. Recruiting a provider, even one who is successful and grows volume quickly, is likely to cause an increased subsidy at the employed group level. How comfortable is the health system with this dynamic? Are we comfortable with an additional $1M in losses if we recruit and employ 6 providers this year? How about $10M if we recruit 60? Is there room for improved performance and reduced subsidies to employed providers through better management/operations?

7. Practice Capacity. What volume growth objectives can be met by expanding capacity in the existing practices rather than recruiting additional providers?

From a community need perspective, a 1.0 FTE provider is a 1.0 FTE provider. In reality, providers, working the same hours in the same specialties, can have very different levels of productivity and excess capacity in their practices. Measuring this capacity and evaluating opportunities to improve its usage, is much cheaper than recruiting incremental providers. The process for expanding capacity is multifaceted. Are schedules not being well managed? Are provider or staff incentives a barrier to driving volume? Is office staffing so lean that throughput is difficult? Is promotion of the practices adequate? Understanding this opportunity starts with practice benchmarking, while strong accountability is required to leverage those opportunities.

8. Primary Care/Specialty Ratios. What size primary care base do we need to keep our employed specialists busy?

There are a number of issues around this question. One is mitigating risk of specialty employment. Having a specialty base that is not largely supported by your employed primary care network puts your specialists at risk of having their referral volume cut off. A second issue is network integrity – the ability of the network to keep appropriate referrals in the network. If the primary care base does not have specialists in your network to refer to, how will the hospital keep the volume? Creating the right ratio is often something that will conflict with community need – which is why its just as important to ask "what does our health system need?"

9. Succession Planning. What practitioners need succession planning, and how should the recruitment plan reflect this need for transition?

As the baby boomer population starts to hit retirement age, a greater percentage of medical staffs are hitting the 62-65 age mark. With an employment mindset, two considerations should be top of mind – 1) are our employed providers aging out, and how do we strategically employ and locate providers to make that transition as seamless as possible, and 2) what community providers are at risk of retirement, and should the health system consider employing those providers to have more control over the transition of the practice.

ADVANCED PRACTITIONER INTEGRATION CONSIDERATIONS

10. Advanced Practitioner Inclusion. Are we thoughtfully including Advanced Practitioners in our recruitment plan and using them appropriately?

To get the providers needed, we must think beyond just physicians. Advanced Practitioners must be a part of the plan and be a core part of satisfying the strategic provider need. Key to this is making sure Advanced Practitioners are used at top-of-license – understanding the model that maximizes benefit by specialty is key to success.

11. Cultural Acceptance of Advanced Practitioners. Are we building a culture of support for Advanced Practitioner utilization?

Building a culture of acceptance by physicians is likewise essential. Effective use of APPs is not preordained, and working closely with physician leaders is required to ensure the desired benefits are captured. While many organizations focus on cultural acceptance at the Employed Group level (where health systems have the most control), evaluating and evolving Medical Staff by-laws impact to Advanced Practitioner utilization is often a key strategy.

12. Top of License Usage. Are we elevating the role of the Advanced Practitioner, and do we have a practice care model that supports top-of-license usage?

Many practices struggle with effectively utilizing advanced practitioners, especially those in which the physicians are new to working with Advanced Practitioners, turning these providers into essentially scribes. Significant thought needs to be given to how to effectively onboard Advanced Practitioners into a practice and to what care model the provider is being brought into.

13. Compensation Model Impact. Does our employed provider compensation model incentivize effective Advanced Practitioner utilization by physicians? Do we provide our Advanced Practitioners the appropriate incentives?

Most employed compensation models tend to incent volume through individual wRVUs or other similar metrics. Frequently, increased advanced practitioner utilization is seen as a threat by physicians who do not want their productivity metrics to drop. In addition, many employed networks view Advanced Practitioners as nursing staff, and pay them as nurses, and not providers who should be incentivized on volume. Overall, increased utilization of advanced practitioners requires significant revision to most employed compensation models.

THE BOTTOM LINE

Effective Medical Staff Development Plans in today's environment look significantly different than they did 5-10 years ago. Health systems must take a broader view that incorporates strategic goals, that recognizes the importance of the employed physician network, and recognizes Advanced Practitioners are playing a larger and larger part of meeting provider need.

GETTING STARTED

We want to help your physician network evolve through your Medical Staff Development in order to maximize your health system's performance.

Please feel free to reach out to us to schedule a discussion about an improvement initiative for your Physician Network.

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We Build High-Performing Physician Networks so Health Systems can Address Complex Changes with Confidence.

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