After the Surge: Employed Network Leadership Considerations for the Second Half of 2020

Presenters

TRAVIS ANSEL
MBA

MANAGING PARTNER
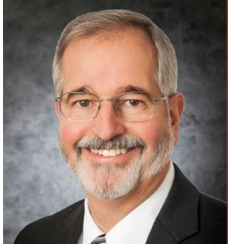
Email: TAnsel@HSGadvisors.com
Office: (502) 814-1182
Cell: (502) 994-0073

Healthcare Thought Leader Focused on Health System Employed Physician Networks

Expertise in:
- Employed Physician Network Growth
- Physician Network Strategy
- Market Development Strategy
- Operational and Financial Performance
- Management Infrastructure

DR. TERRY McWILLIAMS
MD, FAAFP

DIRECTOR & CHIEF CLINICAL CONSULTANT

Email: TMCWilliams@HSGadvisors.com
Office: (502) 614-4292
Cell: (502) 322-6383

**Family Physician
Former Health System CMO**

Expertise in:
- Physician Leadership and Governance
- Vision Development
- Compensation Planning
- Clinical Transformation

Company **Overview**

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

Headquarters: Louisville, KY

Formed: 1999

Focus: Health Systems and Physician Network Strategy and Execution

Physician Strategy

Driving a common strategic focus with engaged physicians.

Physician Leadership

Identifying and engaging strong physician leaders is integral to the network's development and success.

Performance Improvement

Improving the performance of employed physician networks.
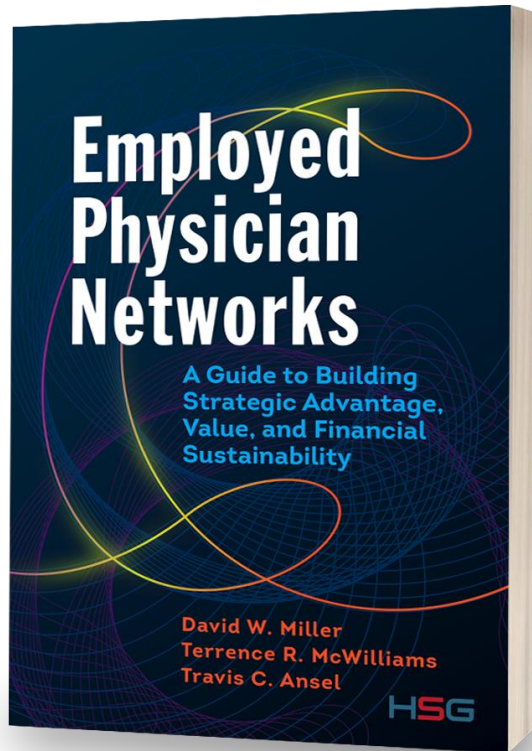
Network Integrity

Leveraging Physician Network Integrity Analytics™ to create and monitor strategies for patient acquisition and retention.
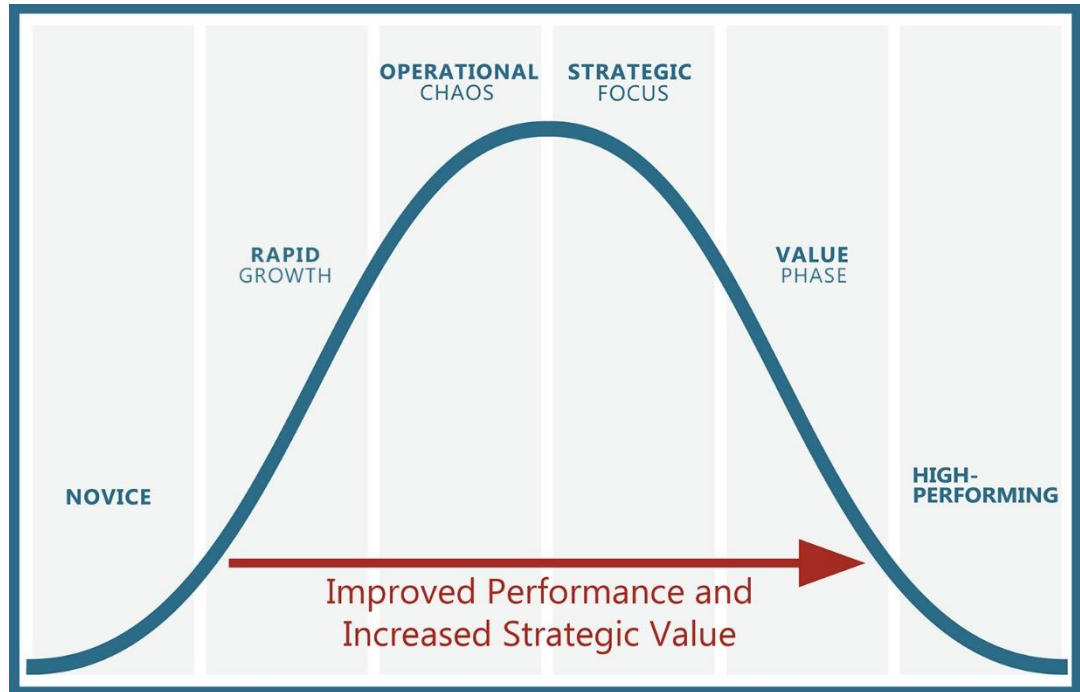
Physician Compensation

Aligning physician compensation with health system and employed network goals.

Systematic Employed Physician Network Improvement

HSG Physician Network Growth Phases™

OPERATIONAL
CHAOS

STRATEGIC
FOCUS

RAPID
GROWTH

VALUE
PHASE

NOVICE

HIGH-
PERFORMING

Improved Performance and
Increased Strategic Value

Our Philosophy on Employed Network Growth: As an Employed Physician Network evolves towards maturity in terms of its growth and size, **the network must have a systematic plan** that is focused on evolving its management team's capabilities, infrastructure, governance, provider engagement and leadership to address the network's current and future needs as well as execute on the health system's strategic goals.

HSG Webinar Series

Comprehensive registration information for all upcoming webinars can be found here: https://hsgadvisors.com/webinars/hsg-upcoming-webinars-may-2020/

Title	Description	Date
After the Surge: Employed Network Leadership Considerations for the Second Half of 2020	**We will discuss critical considerations for employed physician network leaders in a Post-Surge environment, including – physician leadership structures, employed group management infrastructure and governance, physician/administration culture, and physician compensation models.**	**Thursday May 28th**
Virtual Health: Long-term Strategies for Employed Physician Networks	Many of the historic barriers to virtual care have been obliterated. Strategically developing a new long term plan is required – one that recognizes the reduced patient and provider barriers, one that accounts for the predicted roll back of the CMS and commercial insurer latitude afforded during the pandemic, and one that provides a seamless transition from pandemic "crisis" into the "new normal."	Thursday June 4th
Advanced Practice Providers: Employment, Compensation, and Utilization Models	Employment, compensation, and utilization strategies and tactics are just as important for APPs as they are for physicians – but many health systems do not approach them in the same way. This webinar will explore effective APP employment vehicles, address comprehensive APP compensation models, and promote effective APP utilization.	Thursday June 11th

After the Surge: Employed Network Leadership Considerations for the Second Half of 2020

Agenda Items for Today's Discussion
1   Impact of COVID-19 on Physician Networks – What's Fundamentally Changed?
2   2020 Leadership Priorities for Employed Physician Networks
3   Putting Priorities into Context with Your Providers
4   Questions

Impact of COVID-19 on Physician Networks – What's Fundamentally Changed?

What's Fundamentally Changed?

- Physician Leadership Decision Making

- Impact of Tele/Virtual Health Deployment

- Disrupted Cadence of Operations/Financial Management

- Disrupted Culture

- Views of Provider Compensation

Physician Leadership Decision Making

- What role did your Physician Leadership Council play in making decisions in the March-May timeframe?
    - Operational?
    - Clinical?
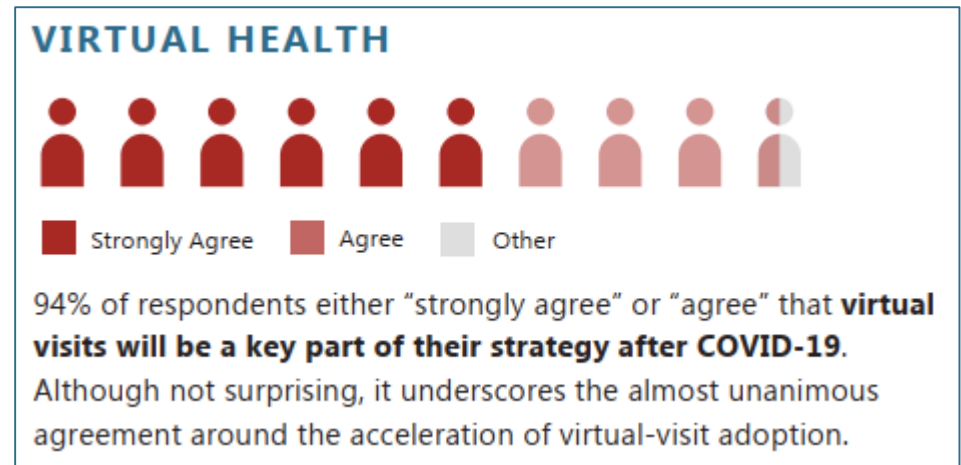   - Staffing?
    - Compensation?
    - Furloughs/Repurposing?

Physician Leadership Decision Making

Did employed networks involve physician leadership in the COVID decision-making processes?

NO	What needs to change culturally to cultivate involvement as a matter of being the way things are done?

- Does health system/network administration view the physician leadership structure as a crucial partner in problem-solving and decision-making processes?
- Does Charter/Charge support involvement of physician leadership?
- Does meeting structure promote timely decision making?
- Does a subcommittee structure exist to tackle "working" challenges?

YES	How did that work and how does it inform the maturation of leadership structure and its relationship with Admin?

- Do lessons learned become a launching point for the next "phase" of physician leadership in your network?

Impact of Tele/Virtual Health Deployment

- 8-year strategy deployed in 8 weeks … or 2 weeks … or 2 days

- Impact to multiple facets of the network:
  - Sustainability
    - Revenue
    - Virtual Care
  - Practice Staffing
  - Provider Scheduling
  - Care Model
  - Compensation
  - Revenue Cycle
  - Management Infrastructure
  - Strategy

VIRTUAL HEALTH

■ Strongly Agree ■ Agree □ Other

94% of respondents either "strongly agree" or "agree" that **virtual visits will be a key part of their strategy after COVID-19**. Although not surprising, it underscores the almost unanimous agreement around the acceleration of virtual-visit adoption.

HSG "Impact of COVID-19 on Employed Physician Networks" Survey, May 2020; HSGadvisors.com

Disrupted Cadence to Operational/Financial Management of Network

- Impact of COVID-19 surge (or preparing for a possible surge) universally disruptive to operations and finance

- Longer-term threat is to the Operational and Financial controls and systems that employed network has developed

Key Questions

- How do we get "back to normal" without being back to normal?

- How do we leverage our infrastructure to start mitigating losses?

- Does board or executive tolerance for subsidies change over time?

- How does unplanned growth impact the network?

> **"**
>
> I think all organizations will continue to evaluate the success or failure of their physician practices, but will likely view them with more diligence.
>
> *– A Chief Executive Officer in West Virginia*
>
> ....
>
> There needs to be emphasis on managing lower producing providers to have more efficient operations or perhaps manage out. Need to push sustainability now more than ever.
>
> *– An Employed Physician Network Vice President in Missouri*
>
> ....
>
> We know that many community practices (especially primary care) will not make it through the crisis financially. We will not be able to absorb all of the practices and providers.
>
> *– A Chief Financial Officer in Florida*

Disrupted Culture

Many disruptors to culture present in COVID-19 environment

- Furloughs
- Staffing changes
- Productivity decimation
- Combative decision making

- Compensation reductions
- Disruptions to meeting cadences
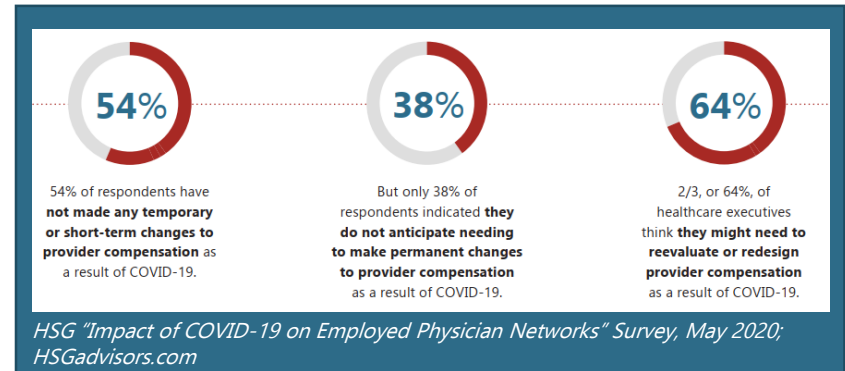- Providers working at disruptive paces
- TRUST

- Disrupted culture is one common way organizations move "backward" in their evolution
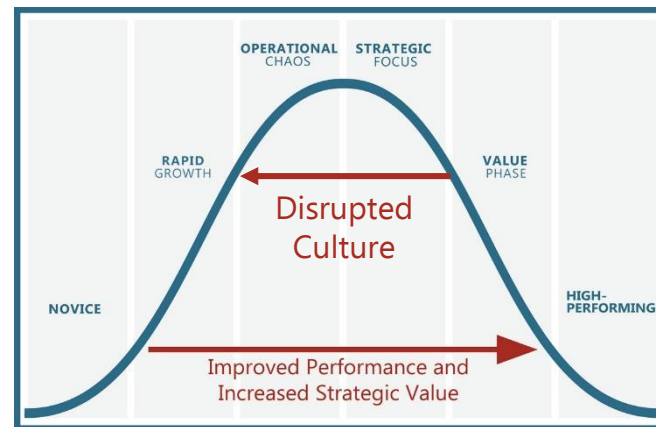
HSG Physician Network Growth Phases™

Views of Provider Compensation

- Some form of productivity model is predominant across most employed networks
  - Base + wRVU
  - Straight wRVU
  - Revenue less Expenses

54%
54% of respondents have **not made any temporary or short-term changes to provider compensation** as a result of COVID-19.

38%
But only 38% of respondents indicated **they do not anticipate needing to make permanent changes to provider compensation** as a result of COVID-19.

64%
2/3, or 64%, of healthcare executives think **they might need to reevaluate or redesign provider compensation** as a result of COVID-19.

HSG "Impact of COVID-19 on Employed Physician Networks" Survey, May 2020; HSGadvisors.com

- Will providers tolerate a productivity-based model under a pandemic setting going forward?

- Will health systems tolerate a change in a period where volumes may continue to be disrupted?

- Will capitated reimbursement be viewed more favorably as a mechanism to promote compensation (and revenue) stability?

2020 Leadership Priorities for Employed Physician Networks

Leadership Priorities for Employed Physician Networks

1. **Optimizing Major Operational Changes in Care Delivery**

2. **Emphasizing Access**

3. **Preparing for an Influx of New Providers**

4. **Reevaluating (or Developing) Shared Vision … and associated strategies and tactics**

5. **Evolving Management Infrastructure/Org Structure**

6. **Preparing to Deal with Compensation/Aligned Incentives**

American College of Healthcare Executives **BLOG**

SUBSCRIBE

Managing COVID-19: Physician Leadership Priorities for Employed Physician Networks

on April 7, 2020

By Travis C. Ansel

The front-line, immediate impact of COVID-19 is being felt daily, hourly, by health systems across the country. From the perspective of the employed ambulatory network of providers within a health system, there has been tremendous disruption not only in day-to-day operations, but to the role of physician leadership structures, employed group management infrastructure and governance, physician/administration culture, and physician compensation models.

While none of these issues are an immediate fire that has to be fought, decisions health systems are making now will significantly impact the success of employed networks as we come out of the surge and strive for success in a more stable environment. Having a proactive plan with engaged physician leaders is the only way to succeed in the coming environment.

Immediate priorities for physician leadership teams within health system employed networks should include the following:

- **Improving Day-to-Day Communication NOW.** Every health system is experiencing the challenges of quickly communicating decisions with significant operational and financial implications for the employed network.

http://blog.ache.org/2020/04/07/managing-covid-19-physician-leadership-priorities-for-employed-physician-networks/

Optimizing Major Operational Changes in Care Delivery

- Virtual/telehealth
  - Identify and address gaps between "operational" for the COVID-19 public health emergency and "optimal" for long term sustainability
  - Consider care delivery model and revenue cycle perspectives

Key Areas of Focus:

- **Review operational processes** to ensure virtual care initiatives fit post-COVID era
  - Determine whether secure platforms are needed
    - Unlikely that platform latitude will extend beyond COVID-19 pandemic
    - EMR-based or separate system with supporting budget and BAA in place
  - Ascertain whether other investments, such as altered staffing models, are/will be needed to perpetuate virtual care
  - Redesign care delivery processes and scheduling to augment patient access to practice
    - Determine business models required to maximize success with increasing levels of risk contracting – bending the cost curve
    - Maximize patient portal capabilities
- **Actively market** these services to patients
- **Explore options for ongoing reimbursement** with commercial insurers

Emphasizing Access

- The release of the pent-up routine and elective care demand is highly variable by market – however demand for care will return to every market over time.

- Virtual/Telehealth adoption has created a new dynamic around access, furthering demand for timely access and creating new competitive dynamics for patients seeking timely access.

Key Areas of Focus:

- **Definitions and Standards for Access –** engage physician leadership to create a common definition for Access and what it means for your network.

- **Top-of-license provider utilization** – get new patients in the door, have APPs focus on the patient population they are capable of serving

- **Scheduling** – providers will have to serve both in-office and virtual appointments as part of daily/weekly schedule; priority access for new patients (with an emphasis on payer mix) will need to exist. Template creation and utilization will be critical.

- **Care Model –** Team-based care models need to be embraced to allow clinical staff to work at top-of-license.

- **Maximize Patient Portal Usage** – Reduce the impact of pre-visit activities to focus staff and provider capacity on care delivery.

Preparing for an Influx of New Providers

- The impact of COVID on routine and elective care is driving historically independent practices to seek employment with health systems – by the end of 2021, employed networks should expect to see a rise in the number of providers they are bringing into the system.

- Physician leaders should actively help sort through the strategic, cultural and quality fits of these potential new practices – and help assimilate into the culture.

Key Areas of Focus:

- **Create and Prioritize an Inventory of Relevant Providers.** Defining who your organization may want to acquire, and building management and board expectations, will allow you to strike when opportunity presents itself.

- **Develop a Consistent (and Compliant) Approach to Acquisition and Onboarding.** For most organizations, its been a long-time since significant acquisition opportunity has occurred; develop a plan for due diligence and acquisition, as well as compensation development and onboarding

- **Proactively Define Impact to Management Infrastructure Need.** Avoid reentering another "Rapid Growth" phase by having a proactive plan for potential growth in specialties with a significant independent component.

Reevaluating (or Developing) Shared Vision

If you have a Shared Vision...

- The COVID-19 experiences merit reviewing the network's Shared Vision and associated strategies and tactics.
    - Are they still applicable or do lessons learned alter various elements?

If you don't have a Shared Vision...

- COVID-19 imparted a common external enemy and global focus for the network and health system
    - Could this be a defining opportunity to build upon the common experiences and develop a formal Shared Vision for the network's ideal future state – and how to get there?

Key Areas of Focus:

- **Define/Reevaluate Shared Vision –** What are the mutual expectations of providers and administration? Where will the group be in 10 years? Why will providers want to be a part of this network? All change has to start with a consistent vision.

- **Tie Changes Made in a Post-COVID-Environment to Shared Vision -** Put leadership actions into context of Shared Vision to build consensus.

- **Leverage Shared Vision in Daily Operations -** Deploy it and monitor progress in ways that contribute to defining the "brand" the group desires to promote.

Evolving Management Infrastructure/Org Structure

- Driven by a realization that growth is "mature", many employed networks are seeking to step back and comprehensively reevaluate the **organizational structure, management infrastructure, and relationship with governance** needed to maximize the function of the group (not a small undertaking).

- Change driven by COVID-19 – and anticipated future changes initiated by it – represent a unique opportunity to combine needed changes driven by group's historic growth with disruptive change compelled by last 3 months.

Key Areas of Focus:

- **Comprehensively Evaluate Capabilities Needed –** Did/does the management infrastructure perform well? Do we have the right seats on the bus and the right people in the seats?

- **Evaluate Span of Control –** Are expectations of individual breadth and depth of responsibilities reasonable? Individuals usually cannot effectively manage more than 7 direct reports.

- **Define Physician Leadership's Role –** Did/does the structure function well? How could it be improved?

- **Define Future Vision of Shared Services Relationships –** How must the structure and relationships evolve to provide dedicated support for network success?

Preparing to Deal with Compensation and Aligned Incentives

- **Redesigning Compensation Incentives to Align with Shared Vision.** High productivity models such as cash collections or wRVU-only models have not held up well in an environment with significantly disrupted care delivery. There will be significant impetus from employed providers to change the current compensation models and align them with the incentives of the current and future environment.

Key Areas of Focus:

- **Develop a Common Compensation Philosophy –** Many networks find themselves with inconsistent application of models across specialties. Diversity of models makes movement on compensation models a tough discussion.

- **Evaluate Alternatives to Productivity-Heavy Models –** Many organizations are still on straight wRVU or Revenue less Expense models that are likely to come under closer scrutiny by providers in an environment with significant disruption

- **Leverage (or Create) A Compensation-Focused Subcommittee of Your Physician Leadership Structure** – Many organizations hesitate to aggregate providers in a room to discuss compensation; however its an effective way to create a transparent process.

Putting Priorities into Context with Your Providers

Priorities in a Context

- Build consensus with Provider Leadership Council that things "aren't going back to normal"

- Define how the future will need to vary from the past
  - Structure
  - Function

- Develop – or alter – the **Shared Vision** and associated strategies and tactics to match the anticipated New Environment

  - In the wake of COVID, it is critical that each employed network's physician leaders evaluate the vision, quickly incorporate the implications of the New Environment, and communicate the altered course with the entire network

  - Reemphasize a defining vision of future success and build or revise a strategic plan with tactics, specific action plans, and monitoring processes

HSG | Physician Network
Building a Shared Vision

YOUR ROADMAP
TO SUCCESS

HSGadvisors.com
Copyright © 2017 HSG

https://hsgadvisors.com/articles/shared-vision/
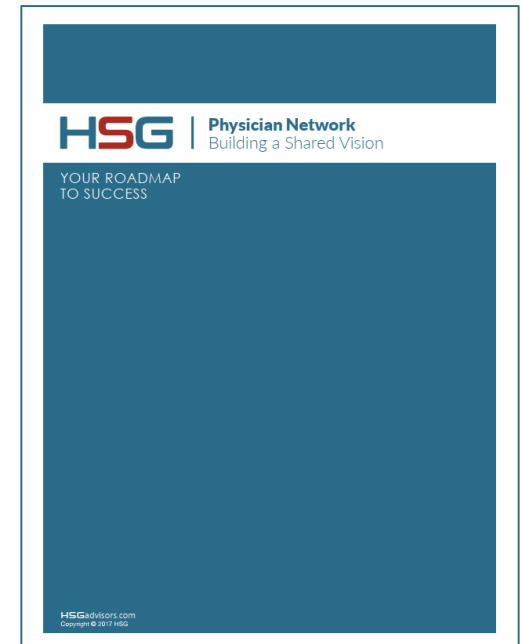
Closing Items

HSG Upcoming Webinars

Comprehensive registration information for all upcoming webinars can be found here: https://hsgadvisors.com/webinars/hsg-upcoming-webinars-may-2020/

Title	Description	Date
Virtual Health: Long-term Strategies for Employed Physician Networks	Many of the historic barriers to virtual care have been obliterated. Strategically developing a new long term plan is required – one that recognizes the reduced patient and provider barriers, one that accounts for the predicted roll back of the CMS and commercial insurer latitude afforded during the pandemic, and one that provides a seamless transition from pandemic "crisis" into the "new normal.	**Thursday June 4th**
Advanced Practice Providers: Employment, Compensation, and Utilization Models	Employment, compensation, and utilization strategies and tactics are just as important for APPs as they are for physicians – but many health systems do not approach them in the same way. This webinar will explore effective APP employment vehicles, address comprehensive APP compensation models, and promote effective APP utilization.	**Thursday June 11th**

Supplementary Resources
HSG Thought Leadership

- HSG Thought Leadership
- Available on our homepage - www.hsgadvisors.com

Summary Article @ ACHE

- http://blog.ache.org/2020/04/07/managing-covid-19-physician-leadership-priorities-for-employed-physician-networks/

Questions?

TRAVIS ANSEL
MBA

MANAGING PARTNER

Email: TAnsel@HSGadvisors.com
Office: (502) 814-1182
Cell: (502) 994-0073

Healthcare Thought Leader Focused on Health System Employed Physician Networks

Expertise in:
- Employed Physician Network Growth
- Physician Network Strategy
- Market Development Strategy
- Operational and Financial Performance
- Management Infrastructure

DR. TERRY McWILLIAMS
MD, FAAFP

DIRECTOR & CHIEF CLINICAL CONSULTANT

Email: TMCWilliams@HSGadvisors.com
Office: (502) 614-4292
Cell: (502) 322-6383

**Family Physician
Former Health System CMO**

Expertise in:
- Physician Leadership and Governance
- Vision Development
- Compensation Planning
- Clinical Transformation