



Differentiated Service Lines

August 13, 2020

| Today's **Agenda**



- Overview of HSG
- Planning Process
 - Vision
 - Analytics
 - Strategy and Tactics
- Case Studies
- Q and A

HSG Services

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



Physician Strategy

Healthcare System Strategic Plans

Employed Physician Network Strategy

Growth Strategy

Shared Vision and Culture Development

Physician Manpower Plans

Service Line Strategy

Co-Management



Physician Leadership

Shared Vision and Culture

Physician Burnout

Physician Governance and Leadership



Performance Improvement

Network Performance Improvement

Performance Improvement Implementation

Network Revenue Cycle

Practice Care Model Transformation

Practice Acquisition

Advanced Practice (APP) Utilization

Virtual Health



Network Integrity

Patient Share of Care

Patient Flow

Provider Location and Service Analysis

Market Insights



Physician Compensation

Compensation Plan Design

Fair Market Value and Commercial Reasonableness Opinions

Advanced Practice Provider (APP) Compensation

Presenters



ERIC ANDREOLI

MBA

DIRECTOR

Email: EAndreoli@HSGadvisors.com
Office: (502) 814-1193
Cell: (502) 322-2087

**10+ Years in Health System
Strategy Consulting**

Expertise in:

- Strategic Planning for Employed Networks
- Market Development and Growth Strategy
- Network Integrity and Patient Capture



DAVID MILLER

MHA

FOUNDING PARTNER

Email: DMiller@HSGadvisors.com
Office: (502) 814-1188
Cell: (502) 727-1816

**35+ Years in Health System
Management and
Consulting**

Founder of HSG

Expertise in:

Healthcare Leadership
Strategic Planning
Physician Alignment and Engagement

OUR MISSION

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

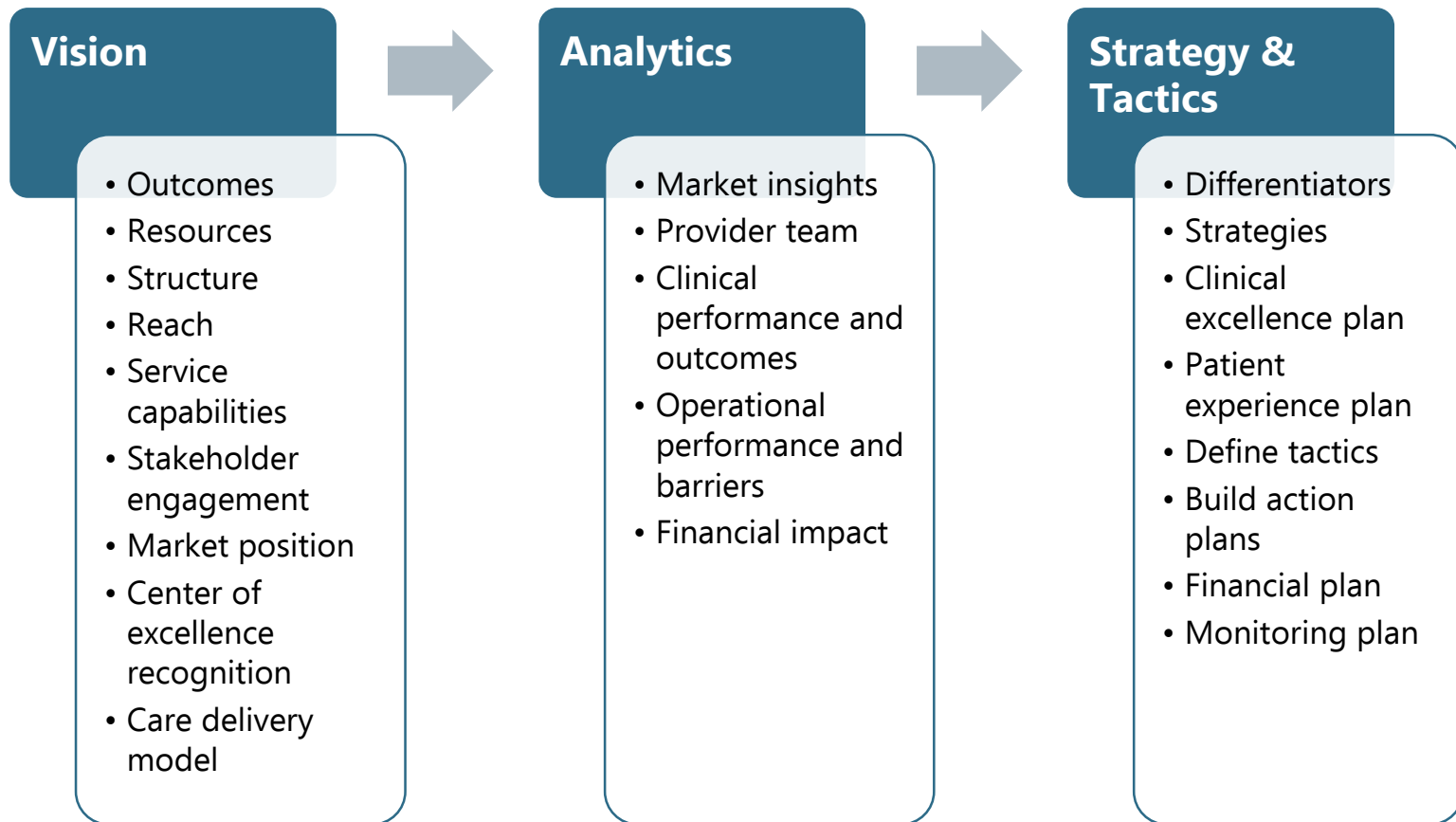
Why HSG Focuses on Service Lines?

- Physician composition of the service line is key element
- Physician engagement is key if service line is to deliver predictable outcome for both cost and quality
- Likewise for access improvement

Target Service Lines

- Orthopedics/Musculoskeletal
- Oncology
- Cardiovascular
- Neuroscience
- Women's Health
- Behavioral Health
- Diagnostic Centers
- Free Standing Ambulatory Centers
- Urgent Care
- Primary Care

HSG Process Overview





Vision

Elements Used in Building a Vision

- Interviews with stakeholders
- Patient research
 - Focus Groups
 - Patient Satisfaction Surveys
- Center of Excellence Research
 - National benchmarks
 - Regional competitors

Vision Defined

- Our aspirations for the service line
- Ten or so years in the future.
- A 3-4-page narratives
- That is descriptive and provide details
- Not a short, pithy statement
- Can be shared with all providers and staff so they understand the direction
- Provides insights into the strategic priorities that need to be pursued.

Vision Questions

- What scope of services, clinical and support, do we want to provide?
- What additional physician capabilities and expertise are needed to provide those services?
- How much do we wish to grow revenue?
- What compliment of physicians is required to achieve growth objectives?
- What types of relationships, and how many, must we foster with referring physicians?
- Describe the experience(s) we desire for our patients.
- How will we make patient access and intake easy for the patient?
- How do we want consumers to perceive the service line?
- What is the marketing strategy to achieve that result?
- What are your aspirations for geographic growth?
- What accreditations do we wish to receive?

| Output

- Narrative description
- Reviewed and edited with a service line planning group
- That group must own it and believe it makes sense
- The necessary strategies and tactics will be somewhat obvious, must be augmented by the analytics.

| Differentiators

- Improved array of services
- Easy patient access
- Higher quality and better experience



Analytics

Elements to Analyze - Market

Need to Understand	Analytic Indicators
What market factors are affecting this service line?	<ul style="list-style-type: none">• Total size of market• Population growth• Market and sub-market demographics
What is the competitive landscape?	<ul style="list-style-type: none">• Market share over time• Market share by procedure
What market forces are influencing referral patterns?	<ul style="list-style-type: none">• Claims-based referral analysis• HSG Physician Network Integrity Analytics®
How do patients perceive our services?	<ul style="list-style-type: none">• Consumer perception studies

Elements to Analyze – Provider Team

Need to Understand	Analytic Indicators
What is competitive landscape of providers in market?	<ul style="list-style-type: none">• Physician supply and demand
Do we have enough providers to achieve market share and growth goals?	<ul style="list-style-type: none">• Ratios of PCP, medical, & surgical specialists• Productivity and performance analysis
Are we effectively utilizing advanced practice providers (APPs)?	<ul style="list-style-type: none">• APP productivity• APP/physician ratios• Provider surveys
How strong is our alignment with key physicians/practices?	<ul style="list-style-type: none">• Claims-based referral analysis• HSG Physician Network Integrity Analytics®

Other Qualitative Indicators

- Strength of Clinical Leadership
- Composition of physician staff to meet clinical goals

Elements to Analyze – Clinical Performance & Outcomes

Key Question	Analytic Indicators
Do we have gaps in our current service offerings?	<ul style="list-style-type: none"> • Comparison of service mix to local/regional competitors and national centers of excellence
Can we prove superior clinical outcomes?	<ul style="list-style-type: none"> • Publicly available quality metrics • Payer-generated performance data • Internal performance data
Are patients satisfied with our services?	<ul style="list-style-type: none"> • Patient satisfaction measures (across continuum)
Do have standardized clinical processes and pathways?	<ul style="list-style-type: none"> • Practice variation assessment • EMR and/or claims based analysis • Comparison to clinical standards

Other Qualitative Indicators

- Patient & consumer education resources
- Certification or accreditation
- Affiliations with national centers of excellence

Elements to Analyze – Operational

Need to Understand	Analytic Indicators
Do we provide superior access for patients and providers?	<ul style="list-style-type: none">• Access point & service location mapping• Scheduling process assessment• Practice access metrics• Provider satisfaction surveys• Virtual visit capabilities
Do we have operational barriers to growth?	<ul style="list-style-type: none">• Capacity/throughput assessment• Staffing levels• Practice operations
Can we support growth in our existing facilities?	<ul style="list-style-type: none">• Space and facility analysis

Other Qualitative Indicators

Do we have the right infrastructure to support growth?

- Service Line Leadership
- Marketing resources
- Finance resources

Elements to Analyze – Financial

Need to Understand

How will service line growth impact our bottom line?

Analytic Indicators

- Payer mix and rates
- Revenue cycle process assessment
- Contribution margin by service type
- Fixed expense structure
- Practice losses/subsidies



Strategies and Tactics

Defining Strategies and Tactics

- Working with service line steering committee
- Define performance metrics and goals
- Select strategy, to always include
 - Clinical excellence
 - Patient experience and access
 - Marketing and promotion

Defining Strategies and Tactics

- Distill into action plans
 - Actions
 - Owners
 - Timeline
 - Resources required
 - Expected results
- Financial plan
 - Baseline plan + resources required + expected results
- Define key performance indicators and monitoring plan

A dark blue background featuring a stethoscope and a pen. The stethoscope is positioned in the center, and the pen is on the right. The background is overlaid with a grid and faint line graphs. The text 'Case Studies' is written in white, bold font on the left side.

Case Studies

Primary Care Service Line

- Client market experienced significant outmigration
- Ask was to develop a strategy for dominating the primary care market
- Primary care growth perceived to be an evergreen strategy
 - Control referrals in a fee-for-service world
 - Control care management in a fee-for-value world

Primary Care Service Line

- Analysis highlights
 - Provider manpower analysis
 - Geographic analysis
 - Supply deficit by zip code, and aggregation of zips
 - Demographic attractiveness of zip codes
 - Drive time to a health system doctors by location
 - Leakage/loyalty by incumbent PCPs
 - Private practice PCP volume and referral patterns to define targets
 - Assessment of residency retention
 - Assessment of employed practice operations capacity
 - Assessment of usage of APPs

Primary Care Service Line - Results

- Health system employed PCPs grew from 18 physicians to 70+ providers
 - 51 of those are physicians
- Health system net revenue grew from \$215 million in 2013 to \$376 million in 2018, 75% growth
- Over same period, gross revenue increased 74%
- Operating margin over time period has been in 3% to 6% range, vs. breakeven before the project
- Upgrade of specialty services facilitated keeping patients in town...
- But primary care growth put the health system in a strong position
- Now building virtual capabilities, not part of the original work

Cardiac Service Line

- Volume in cardiology stagnant
- Many competitors encroaching on the market
- Cardiologists were very productive and very service oriented
- Some throughput issues in the hospital limited the growth in productivity and volume

Cardiac Service Line

- Analysis highlights
 - Market
 - Volumes
 - Market share
 - Leakage
 - Drive times to client services
 - Partnerships with other providers
 - Marketing and promotion
 - Demographics
 - Trends
 - Providers
 - Loyal and Competitors
 - Relationships with referral sources
 - Physician engagement in service line objectives
 - Opportunities for partnership with other hospitals

Cardiac Service Line

- Analysis highlights
 - Employed Provider Operations
 - Access and throughput
 - Staffing and impact on productivity
 - Clinical quality
 - Patient experiences
 - Hospital operations
 - ED
 - Cath labs
 - Diagnostic services
 - Unified EMR with the practices

Cardiac Service Line – Results

- Implemented Key strategies
 - Referring provider relationship and promotion
 - Partner with rural hospital
 - Reduced leakage from employed PCPs
 - Improve practice scheduling has eased patient access to providers
 - Collections per wRVU have increased as well
- In one year
 - Volume growth objectives have been met
 - Contribution margin has grown by 21%
 - Service line profitability has grown a similar percentage



HSG | Questions

A blue-tinted photograph showing a doctor's hands using a stethoscope on a patient's chest. A laptop and a smartphone are also visible on the desk. The text "HSG | Thank You" is overlaid in white.

HSG | Thank You