

WHITE PAPER

HSG

IMPROVING ACCESS, BUILDING PROVIDER CAPABILITIES,
AND FACILITATING STRATEGIC GROWTH

Health System Medical Staff Development Planning

JUNE 2021

Table of Contents

About HSG	3
Words from the Team	4
The Imperative for Health Systems to Approach Medical Staff Development Planning Differently	5
Building a Strategic Medical Staff Development Plan	7
Tailor Market Definitions for Making Strategic Decisions	8
Identify Strategic Direction by Synthesizing Analytic Inputs	10
Specialty Case Studies	17
Building and Utilizing the Medical Staff Development Plan	19

About HSG

HSG builds high-performing physician networks so Health Systems can address complex changes with confidence.

SERVICES



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 HSG Physician Network Integrity Analytics® to create and monitor patient acquisition and retention strategies.



PHYSICIAN COMPENSATION

Aligning physician compensation with Health Systems and employed network goals.

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Words from the Team

Dear Colleague:

This whitepaper was created to outline what HSG considers to be best-practice for building a health system's Medical Staff Development Plan. In today's environment, relying purely on evaluations of community need and piecing together a decentralized recruitment strategy will result in a disconnect between the strategic needs of a health system and its ability to execute through its provider workforce.

The Medical Staff Development Planning process should drive the centralization of provider strategy within a health system, and comprehensively identify the incremental provider recruitment and alignment opportunities that will ensure the health system is able to proactively execute its strategy. Given the demand for growth and the increasing push of care delivery to the outpatient and ambulatory setting, having a proactive provider development plan that is strongly tied to the execution of the health system's strategic plan is critical.

We hope you find this whitepaper useful in evaluating and enhancing your current internal processes. If you need an outside perspective, HSG can partner with you to build and execute your Medical Staff Development Plan strategy.

We look forward to any feedback you have.

Sincerely,



Travis **Ansel**



Eric **Andreoli**

**Proactive
provider
manpower
planning is
the key to
creating a
sustainable
access
strategy.**

The Imperative for Health Systems to Approach Medical Staff Development Planning Differently

Problems with Assessments of Community Need

Many Health Systems are still approaching Medical Staff Development Planning with the “community need” mindset which includes some or all of the following behaviors:

- 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 provider 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.
- 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.
- Assessing provider need on a three-year (or longer) time frame and not being responsive to changing market conditions and/or Health System needs.
- Assessing only physician need and not considering the role of the Advanced Practitioner as a strategic resource whose addition must be forecasted to drive access.

These behaviors result in recruitment plans disconnected from the strategy of the organization – resulting in unavailable provider resources to effectively serve strategic need.



The Imperative for a Strategic Approach

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. Health Systems who are focusing on limited assessments of community need and then piecing their recruitment strategies together in a responsive fashion are setting themselves up for failure in driving strategic success.

Health Systems should focus on Medical Staff Development Planning as an opportunity to centralize their growth and access strategies with a focus on proactively identifying the provider complement that will enable the execution of the Health System's overall strategy. This process must consider:

- The Health System's overall mandate for growth and successful execution of its strategic plan.
- The growing healthcare markets for the System's acute care, outpatient care and ambulatory care delivery and the need to coordinate activity for the recruitment activity supporting these sites of care. This includes the need to expand the overall geographic footprint – with a focus on regional/tertiary draw vs. local access.
- The dynamics of patient utilization across the overall continuum of care and what opportunities exist to increase patient service capture – and the implications therein for the Health System's provider manpower and alignment needs.
- The differentiation in strategies for the service lines that are primarily employed by the Health System vs. largely served by independent practices. For employed service lines, evaluating the existing capacity for incremental growth that can be leveraged to meet access demands.
- The strategy for evolution of the Health System's service lines as Centers of Excellence or Institute models and the capabilities and access needed to support those strategies.
- The balance of volume-based growth strategies vs. the growing emphasis on value-based reimbursement and population-health based strategies.
- Succession planning and provider mix issues, given the aging physician workforce and the growing focus on advanced practice providers (APP).

Overall, the Medical Staff Development Plan must contemplate the question – **“Can we provide access to the right provider, in the right location, at the right time, and with the right provider capability?”**

Building a Strategic Medical Staff Development Plan



What strategic and market dynamics should the Medical Staff Development Plan consider?

- Health System Strategy
- Service Line Strategy
- Ambulatory Footprint Growth
- Outpatient Service Growth
- Market Velocity Towards Value
- Competitor Strategy & Activity



What data points should be aggregated to provide a comprehensive overview of provider need?

- Patient Attraction & Retention
- Provider Supply & Alignment
- Provider Demand
- Existing Provider Capacity & Access
- Provider Workforce Age Dynamics
- Provider Opinion



What Health System stakeholders should be involved in building the Plan?

- Executive Leadership
- Hospital Leadership
- Employed Network Leadership
- Service Line Leadership
- Planning Leadership
- Recruitment Leadership



What recruitment considerations should the final Plan consider?

- Strategic Growth Priorities
- Critical Succession Needs
- Future Strategic Needs
- Long-Term Succession Needs
- Provider Mix Dynamics
- Geographic Placement

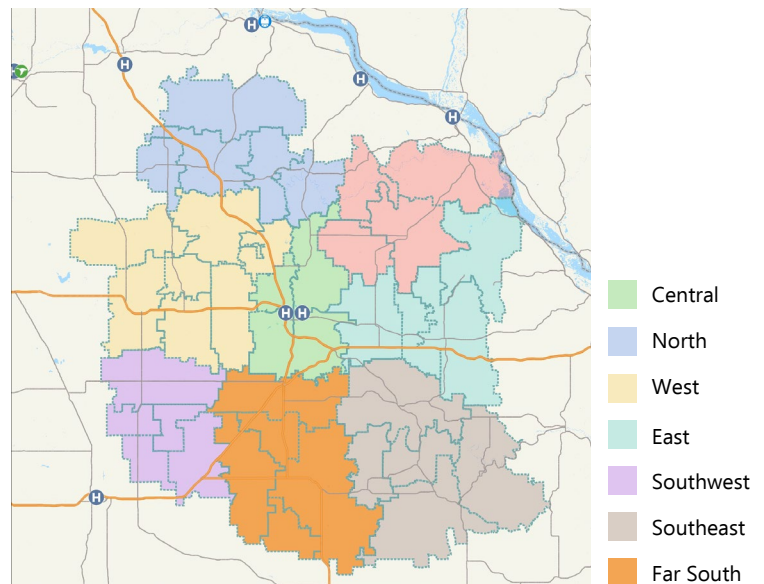
Building a Strategic Medical Staff Development Plan: Tailor Market Definitions for Making Strategic Decisions

Many organizations rely on historic “Primary/Secondary/Tertiary” market definitions for evaluating provider recruitment and deployment needs. However, as care becomes more local, Health Systems need to focus on more granular markets to target care delivery – not just for primary care but for specialty care as well. Health Systems should focus on creating more granular “Submarkets” and evaluate provider strategy at a more local level to tie with geographic growth goals and inform recruitment and alignment needs.

The process of creating effective “Submarkets” should focus on aggregating zip codes that have the following shared characteristics:

- ▶ Common Routes of Travel and Drive Time to Health System Services
- ▶ Historic Market Share Penetration
- ▶ Demographically Similar Populations
- ▶ Common Competitive Threats
- ▶ Common Strategic Priorities

FIGURE 1: STRATEGIC SUBMARKETS SAMPLE





HSG's Submarket Development Strategy matrix categorizes the strategy for each type of submarket based on the characteristics identified in the table below. This allows for targeted geographic footprint decision-making for access points and competitive action plans and prioritization of growth opportunities.

FIGURE 2: IDEAL APP UTILIZATION TABLE

Submarket Development Strategy	Health System Primary Care Penetration	Health System Market Share	Competitor Penetration	Access to Health System Acute Care Site	Population Demographics
Reinforce and Defend <ul style="list-style-type: none"> – Ensure sufficient primary care access to discourage competitor investment – Ensure sufficient specialty access so patients don't seek care outside of network 	Moderate-to-High	High	Low-to-Moderate	Reasonable	Moderate-to-Favorable
Strategic Growth Opportunity <ul style="list-style-type: none"> – Buildup primary care and urgent care resources – Invest in specialty clinics and/or dedicated resources 	Low-to-Moderate	Low-to-Moderate	Low-to-Moderate	Reasonable	Moderate-to-Favorable
Penetrate Highly Competitive Market <ul style="list-style-type: none"> – Investment must be significant and rapid; evaluate if Health System has bandwidth to support major expansion 	Low	Low	High	Reasonable	Favorable
Broaden Network for Referral & Lives Capture <ul style="list-style-type: none"> – Evaluate if payer-specific opportunities or risk-based opportunities are available; otherwise serve market as mission dictates 	Low	Low-to-Moderate	Low	Limited	Unfavorable-to-Favorable

Building a Strategic Medical Staff Development Plan: Identify Strategic Direction by Synthesizing Analytic Inputs

Within each service line and specialty, a multitude of quantitative and qualitative data points must be aggregated to clearly define the opportunities for growth and development. At a minimum, the following information must be considered for each specialty: provider supply and alignment, provider demand, existing capacity, succession and patient attraction and retention.



Provider Supply and Alignment



Provider Age and Succession



Provider Demand



Patient Attraction and Retention



Employed Network Capacity and Access

PROVIDER SUPPLY AND ALIGNMENT

A first and crucial step in creating a Medical Staff Development Plan is to understand the current supply of all providers within a market.

An accurate provider inventory will provide the foundation for performing quantitative analyses and understanding provider supply dynamics. The inventory should capture all providers practicing within a market including those affiliated with competitive Health Systems. Multiple data sources can be used to create an accurate inventory including claims data, publicly available provider registries, and local knowledge.

The provider inventory should include both physicians and APPs. Too often, organizations focus exclusively on physicians despite the fact APPs play an increasingly important role in care delivery. Given projected shortages in most key physician specialties, maximizing APP recruitment and utilization is and will continue to be a major strategic driver of care delivery and patient access. APP recruitment should be defined as part of the Medical Staff Development Plan process. Current physician to APP ratios and utilization patterns should be compared to an ideal state as defined in the planning process.

Additionally, the provider inventory should document the Health System's affiliations for key provider groups. It is important to not only understand the total supply of each specialty, but also quantify the distribution of employed, independent, and competitively affiliated providers. This provides insight into the provider landscape and allows for proper interpretation of other quantitative analyses.

PROVIDER DEMAND

After understanding the provider supply dynamics within a market or sub-market, the next step is to consider the demand for provider manpower. This consists of analyses to determine how many providers within a given specialty can be supported by a market's population. While there are multiple ways of quantifying provider demand, HSG recommends synthesizing models based on differing methodologies. Additionally, models must be adjusted to account for the unique disease burdens and characteristics within a market.

The outcome of the demand analyses should then be compared with the provider supply numbers to determine whether there is a net need or oversupply for each specialty. This should be completed at an overall market level and also broken down by sub-market to understand how supply and demand varies across a geographic area.

69

... while the supply and demand analyses provide useful indicators of provider need, **an organization's strategy should not be fully dictated by provider supply and demand.**

FIGURE 3: SUPPLY AND DEMAND DETAILS

Cluster	Demand	Supply (Total)	Net Need	On Staff	Employed
Central	253.7	236.6	17.2	61.4	38.4
Southwest	113.3	69.8	43.5	7.9	7.9
East	142.8	132.0	10.8	36.5	21.5
North	99.9	49.1	50.8	20.0	16.0
South	165.7	100.0	65.7	56.1	45.1
West	50.4	10.1	40.4	2.0	2.0

CURRENT SUPPLY & PROJECTED DEMAND SUMMARY
(BASED ON PROJECTED POPULATION)

SUPPLY
BREAKDOWN

SUPPLY
BREAKDOWN

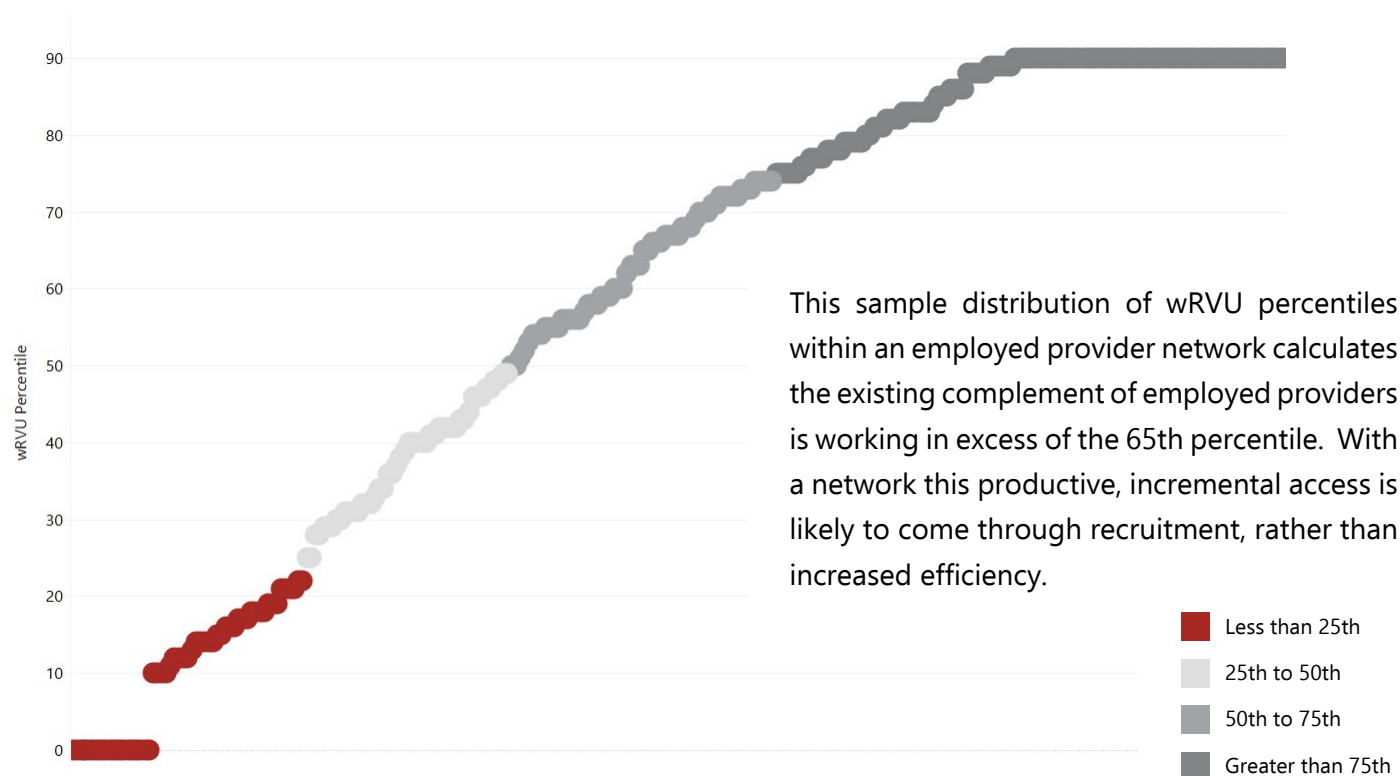
It is important to note that while the supply and demand analyses provide useful indicators of provider need, an organization's strategy should not be fully dictated by provider supply and demand. For example, a perceived oversupply of orthopedic sub-specialists may be present if an organization has developed an orthopedic Center of Excellence. This Center may be capturing high market share, drawing patients from beyond traditional market boundaries, and performing specialized procedures. These factors would result in provider demand that is actually higher than would be predicted by traditional quantitative demand analysis.

EMPLOYED NETWORK CAPACITY AND ACCESS

To the extent that many Health Systems own and operate medical groups, additional insight on provider supply and demand can be gleaned by analyzing employed group data. Many organizations have traditionally not combined measurement of employed provider capacity (which is usually owned by the employed network leadership) and evaluation of market demand (which is usually owned by planning or recruitment). **The Medical Staff Development Plan must mesh these data points together to answer the question “how can we better use existing resources” before moving to “how many provider resources should we incrementally add?”**

FIGURE 4: PRODUCTIVITY PERCENTILE BY PHYSICIAN

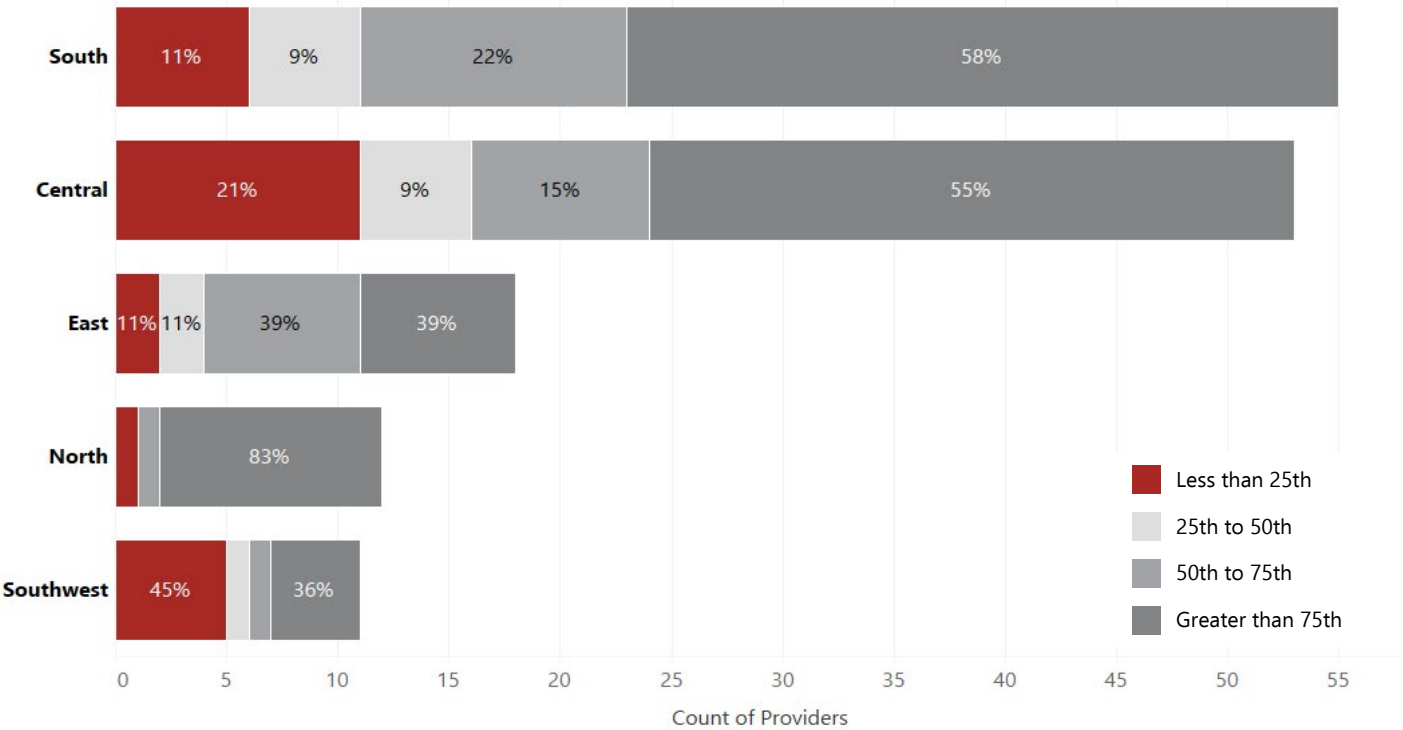
Based on wRVUs and MGMA National benchmarks. Health System Primary Care only. Each dot represents one physician. Position along Y-axis corresponds to wRVU percentile. Color coded by quartile.



Overall evaluations of productivity, time to third next available appointment, and other data should be benchmarked before considering incremental recruitment. Developing access plans for specialties with a preponderance of 75th+ percentile productivity providers is critical as well.

For specialties with an ambulatory focus, regionalizing productivity and access data by submarket paints a picture of current access challenges and where recruitment should be considered.

FIGURE 5: PRIMARY CARE CAPACITY GROUPED BY SUBMARKET LOCATION



By layering in the existing capacity of the employed network, Health Systems will understand where immediate investment needs to be made; and where operational efficiency efforts may be focused in order to create incremental access .



PROVIDER AGE AND SUCCESSION

Age dynamics within the overall US physician supply are creating a challenge for maintaining supply. In many markets, 30-40% of a Health System's medical staff may be at risk of retirement within a 5-8 year timeframe, necessitating a forward-thinking plan for supplementing the recruitment process, as well as a plan for integrating APPs at a higher-than-historical rate.

Succession data should be evaluated by specialty, with a breakout of employed and independent providers. By defining potential succession planning issues and evaluating those over a 5-10 year timeframe, the medical staff development plan can consider proactive recruitment to address looming shortages.

FIGURE 6: AGE ANALYSIS

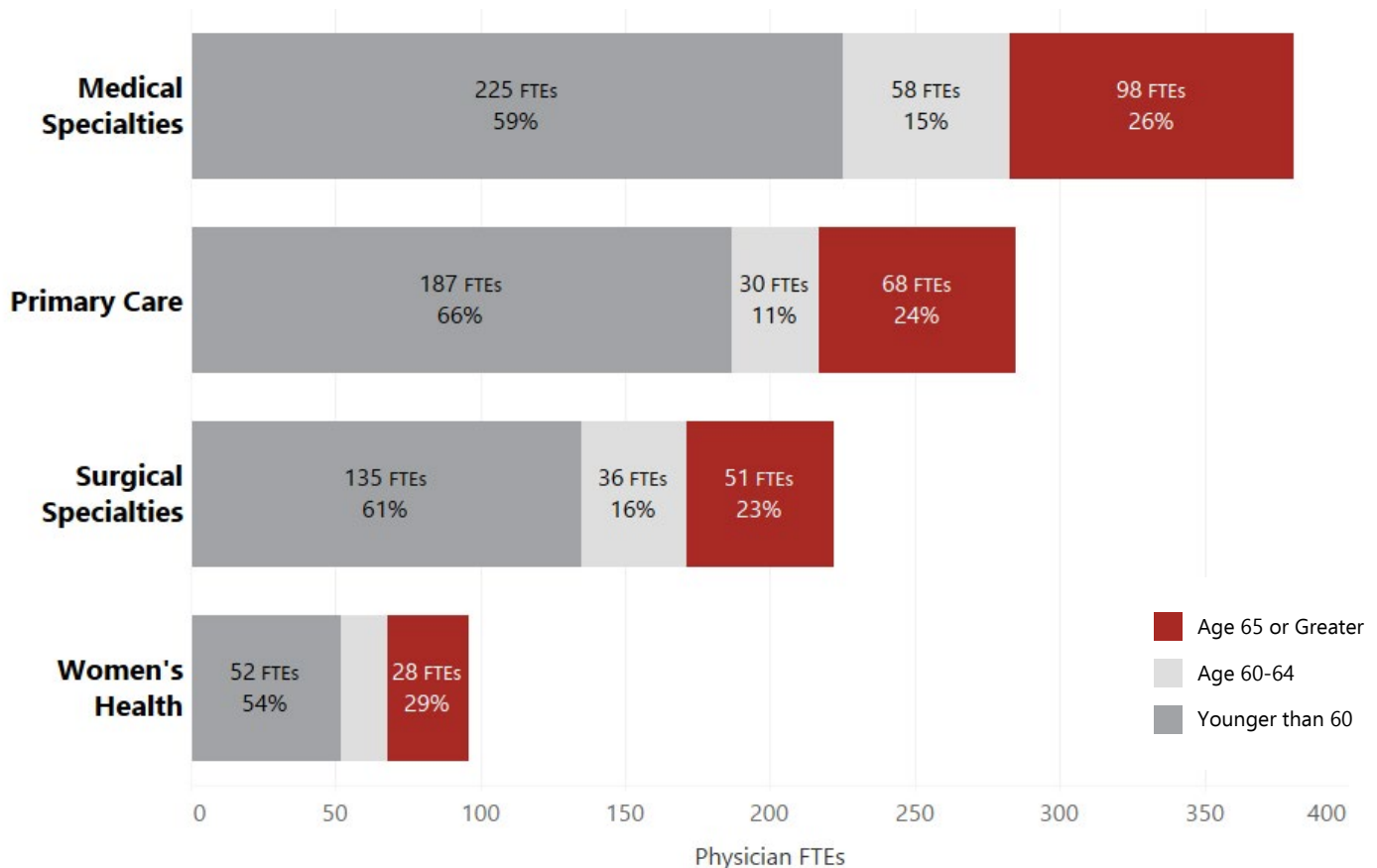


Figure 6 summarizes one health system's medical staffs future succession issues – with all cohorts having 25-30% of their providers approaching age 65 or older, having a proactive plan for recruitment to address this dynamic is critical to ensuring patient retention and access.

PATIENT ATTRACTION AND RETENTION

Many organizations are limited to evaluating market share on an inpatient-only basis – creating blind spots in the areas of outpatient and ambulatory care that are critical to consider when developing a provider recruitment or development strategy. Understanding patient behavior across the continuum is required to identify gaps in a Health System's delivery of care, especially as it relates to provider access. An organization must assess its ability to attract and retain patients by answering the following questions:

- When patients need primary care, where are they going?
- When patients need specialty care, what providers are they seeing?
- For all care delivered to our patients, what percent are we capturing? How does this vary by service line and sub-service line?

HSG Physician Network Integrity Analytics® measures a Health System's Patient Share of Care® to answer these questions. By leveraging comprehensive all-payer claims data to measure the patient usage of the care continuum within the market, HSG is able to evaluate the distribution of services by service line, specialty, provider and site of care. This identifies gaps and opportunities that can be addressed through the Medical Staff Development Planning process. Supply, access, presence, and alignment data must be measured against the Health System's current Patient Share of Care® to determine priorities for growth through recruitment or alignment.

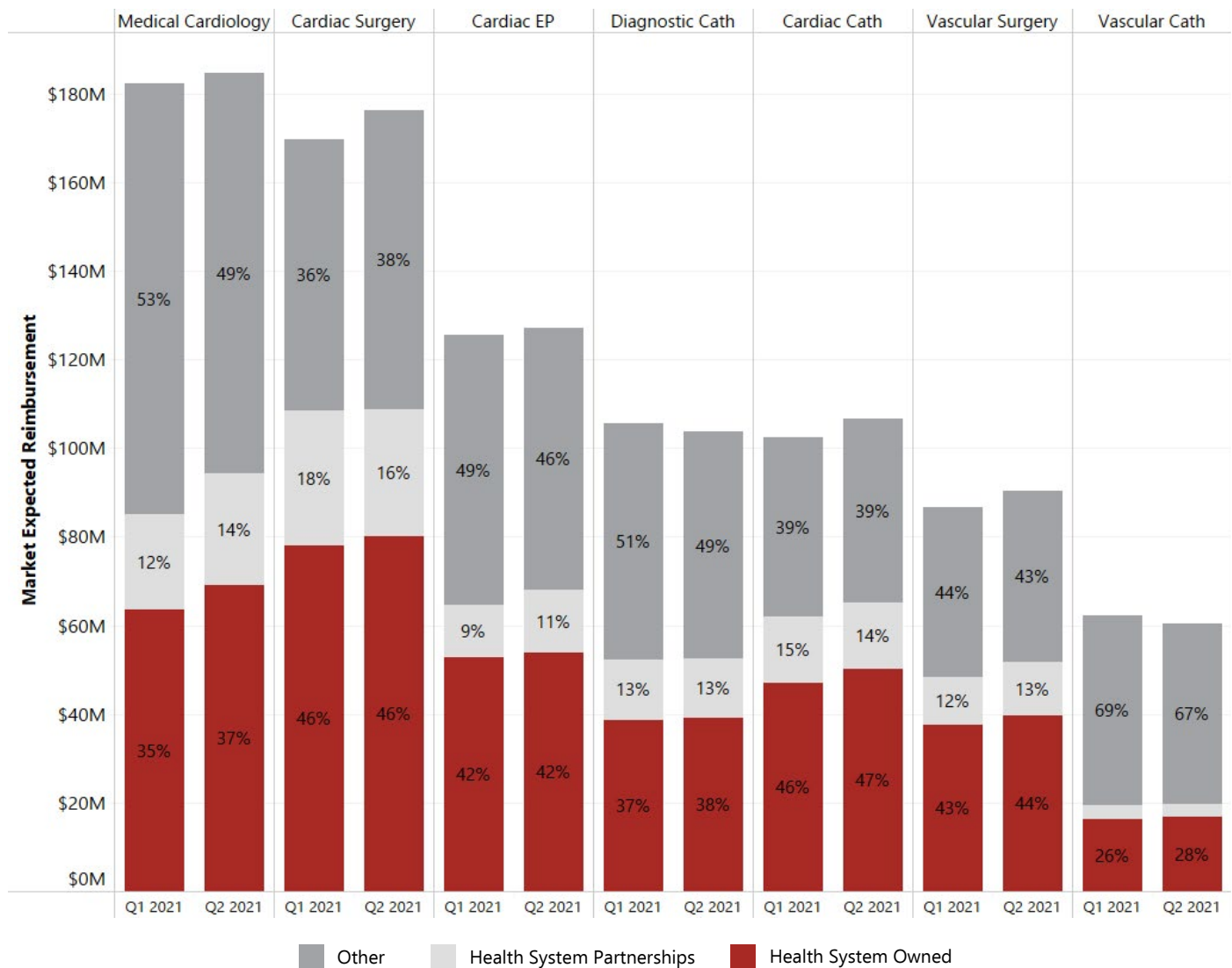
Once the Medical Staff Development Plan is complete, Patient Share of Care® should be measured at the overall Health System-level and by service line/specialty to evaluate whether the implementation of the Medical Staff Development Plan is supporting incremental capture of the total patient dollar.



Understanding patient behavior across the continuum is required **to identify gaps in a Health System's delivery of care ...**

FIGURE 7: PATIENT SHARE OF CARE®: SUB-SERVICE LINE EXAMPLE

Measuring variation of Patient Share of Care® by service line over time provides insights into which service lines may have opportunity for growth. 10-20% variation in capture by service line suggests variation in supply, access, or capabilities that should be considered in the medical staff planning process.



In Figure 7, a health system's Patient Share of Care for its Cardiovascular/Heart service line is shown by sub-specialty and trended across two quarters.






The System's disparity in Medical Cardiology capture (37%) versus its Cardiac Surgery (46%), Vascular Surgery (44%) and Cardiac EP and Cath (42% and 44%) suggests patients are more frequently utilizing Medical Cardiology services outside of the health system's aligned providers and that its Heart subspecialists are being supported by referrals from outside the health system.

When combined with Supply and Demand data, as well as existing capacity data, this may suggest the health system has incremental recruitment needs in Medical Cardiology.

Case Study: Orthopedics

Utilizing the Medical Staff Development Planning concepts highlighted in this whitepaper, here's how one Health System comprehensively evaluated its Orthopedic service line needs, with Cardiology on the following page.

FIGURE 8: ORTHOPEDIC SERVICE LINE ANALYTIC INPUTS






	Provider Supply and Alignment	<ul style="list-style-type: none"> • Multiple key groups with varying alignments: <ul style="list-style-type: none"> – Group owned by client system – Group owned by competing system – Small independent group splitting cases
	Provider Demand	<ul style="list-style-type: none"> • Moderate oversupply in aggregated market • Severe oversupply in central cluster • Slight net need in two outlying clusters
	Employed Network Capacity and Access	<ul style="list-style-type: none"> • On average, employed providers are slightly above median productivity levels
	Provider Age and Succession	<ul style="list-style-type: none"> • One employed physician currently older than 65 and one more turning 65 within three years • One independent physician currently older than 65
	Patient Attraction and Retention	<ul style="list-style-type: none"> • Overall share of office visits split between three key groups • Strong patient retention to employed orthopedic surgeons from employed primary care providers • Out-of-market leakage for sub-specialty physicians

Recruitment Recommendations

- ▶ Highly competitive orthopedic provider landscape may be potential headwind for recruitment, but this is likely mitigated by strong reputation for existing services and strong ability to retain patients from employed referral base. There is ability to strengthen overall market position by development of compressive orthopedics service line to include sub-specialty and supporting services.
- ▶ Strengthen competitive position against existing independent group by recruiting two incremental general orthopedic surgeons.
- ▶ Recruit three incremental orthopedic sub-specialists.
- ▶ Monitor ramp-up of new physicians and prepare to back-fill potential retirements as needed.

Case Study: Cardiology

FIGURE 9: CARDIOLOGY SERVICE LINE ANALYTIC INPUTS

	Provider Supply and Alignment	<ul style="list-style-type: none"> • Market dominated by independent but closely aligned physician group with minimal APP presence • Access issues reported by referring providers
	Provider Demand	<ul style="list-style-type: none"> • Severe net need in aggregated market • Moderate net need in all market clusters
	Employed Network Capacity and Access	<ul style="list-style-type: none"> • N/A (no employed providers)
	Provider Age and Succession	<ul style="list-style-type: none"> • 40% of existing group will be older than 65 within three years
	Patient Attraction and Retention	<ul style="list-style-type: none"> • Minimal out migration to out-of-market cardiologists • Employed primary care group is main referral source to independent cardiology group

Recruitment Recommendations

- ▶ Although closely aligned, the independent group is not providing adequate access and not meeting existing market demand.
- ▶ Substantial opportunity for growth and incremental providers but must clarify existing group's role in future growth.
- ▶ Health System could provide support to recruit new providers into existing group, but this may not solve access issues or address succession concerns.
- ▶ Recommend exploration of tighter alignment with existing group via acquisition or alternative models. This will allow for strategic recruitment and patient transitions to new providers as existing physician retire. It will also facilitate APP recruitment and team-based practice model as new providers come on board.
- ▶ If the existing group is not interested, an alternative approach would be to build an employed group to coexist with independent group. New providers are likely to ramp-up quickly due to pent up demand and built-in referral base. Ultimately, this may disrupt relationship with incumbent group.

Building and Utilizing the Medical Staff Development Plan

At its conclusion, with the data points aggregated, and the right stakeholders at the table, the output should be a 3+ year look at the recruitment needs of the organization. These needs should be defined by: **specialty/service line, geographic market, year, provider type, and incremental or succession.**

FIGURE 10: 3-YEAR MEDICAL STAFF DEVELOPMENT PLAN SAMPLE BY SUBMARKET

Grouping	Specialty Roll-Up	Central	South	East	North	South-West	Grand Total	Physician	APP
Cancer	Hematology/Oncology		2		1	1	4	2	2
	Radiation Oncology		2			1	3	3	
	Surgical Oncology	1					1	1	
Cardiology	Cardiovascular and Thoracic Surgery	2					2	2	
	Electrophysiology	1	2				3	3	
	General Cardiology	2	2	2	2	1	9	5	4
	Interventional Cardiology		2			2	4	4	
Neurosciences	Neurological Surgery	3	2				5	2	3
	Neurology	1	2	2		1	6	4	2
Orthopedics	Orthopedics (General or Joint)	2	3	1	1	1	8	6	2
	Orthopedics Hand		1				1	1	
	Physical Medicine & Rehabilitation		1			1	2	2	
	Sports Medicine	1			1		2	2	
Otolaryngology	Otolaryngology	1		2	1	1	5	3	2
Primary Care	Adult Primary Care	13	25	5	13	5	61	31	30
	Endocrinology				1	1	2	2	
	Infectious Diseases		1		1	1	3	3	
	Rheumatology	1	1				2	2	
Psychiatry	Psychiatry	4	1	1	2		8	4	4
Pulmonary	Pulmonary and Critical Care	4	1	2	3	1	11	7	4
Urology	Urology	1	1		2	1	5	5	
Other	General Surgery	3	4	3	3		13	13	
	OB/GYN	2	1	1	1		5	5	
	Vascular Surgery	2	1				3	3	
Grand Total		44	55	19	32	18	168	115	53

Benefits to the Health System of having a documented three-year Medical Staff Development Plan include:

- Proactive, rather than reactive, recruitment to drive access and growth
- Operational planning to onboard and locate recruits
- More accurate budgetary planning
- The ability to meaningfully move Patient Share of Care® and overall growth

The Plan should be reviewed yearly, at a minimum, to account for progress, major changes in market dynamics, the impact of fortuitous recruitment not planned for, etc.

The logo consists of the letters 'HSG' in a bold, white, sans-serif font. The 'H' and 'S' are connected, and the 'G' is slightly separated. Below the letters is a short horizontal white line.

HSG

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