



Driving Employed Provider Networks Toward High Performance

February 22, 2022



MASSACHUSETTS
Health & Hospital
ASSOCIATION

| Key Learning Objectives

1. Understand how to assess current state of a health system's employed provider network
2. Define core elements of employed provider network transformation
3. Develop an integrated transformation plan to drive provider engagement

Today's Presenters



TRAVIS ANSEL

MBA

MANAGING PARTNER

Expertise in:

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



DR. TERRY MCWILLIAMS

MD, MSJ, FAAFP

DIRECTOR & CHIEF CLINICAL CONSULTANT

Expertise in:

- Family Physician and Former Health System CMO
- Physician Leadership and Governance
- Vision Development
- Compensation Planning

Travis Ansel and Dr. Terry McWilliams, co-authors of Health Administration Press's 2018 Publication *Employed Physician Networks: A Guide to Building Strategic Advantage, Value, and Financial Sustainability*, will facilitate this webinar. Their focus will be on diagnosing employed physician network challenges and building plans of action to address those challenges.

| Employed Provider Network Transformation

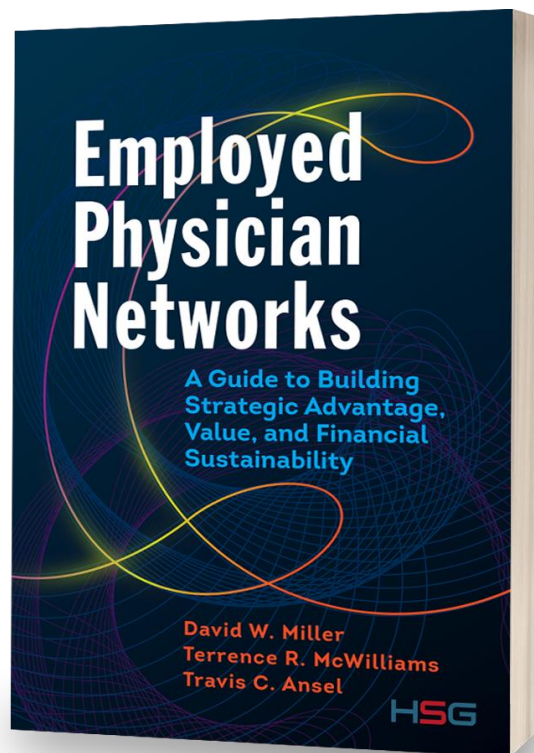


- Evolution of Employed Physician Networks
- Physician Network Transformation
- Components of Physician Network Transformation
- Questions and Answers

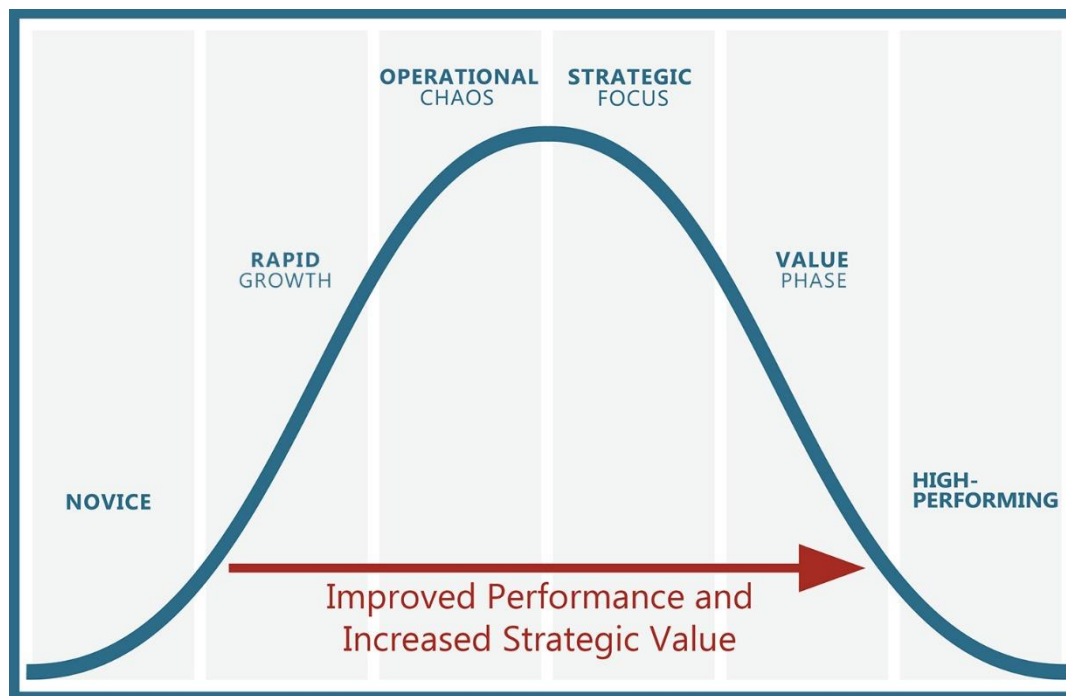
A dark blue background featuring a stethoscope and a line graph. The stethoscope is positioned in the center, with its chest piece resting on a surface. The line graph is overlaid on the stethoscope, showing a fluctuating line with square markers. The graph has a vertical axis with labels 0, 3, 6, 9, 12, and 15, and a horizontal axis with labels 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15. The title "Evolution of Employed Provider Networks" is written in large, white, sans-serif font across the middle of the image.

Evolution of Employed Provider Networks

HSG's View of the World

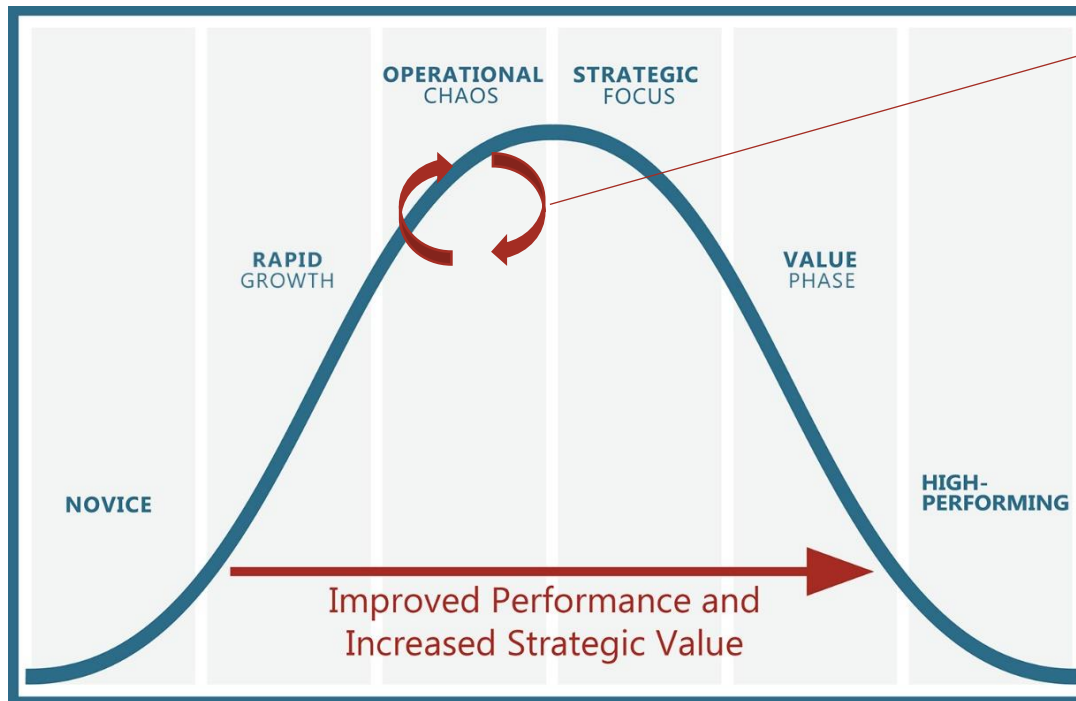


HSG Provider Network Growth Phases™



Our work with health system employed provider networks is what led us to create “**HSG Physician Network Growth Phases**” which our view of how employed provider networks progress, the challenges they face at different points in their evolution, and what must be done by health system leadership to move the network forward. The penultimate goal is to create a sustainable, high-performing network that is culturally and strategically integrated with the health system and capable of driving the health system’s achievement of its goals and objectives.

What Happens When We Don't Progress?



Implication: If this is where your employed network is – continuing to run out the day-to-day is not going to result in meaningful change to the strategic direction of the network. Leadership must take a step back and **create the context** for significant change in order to take the network in a new direction.

- If an employed provider network is not able to progress, it can become stuck in a phase – this is particularly true for **Operational Chaos**:
- Common symptoms include:
 - Providers detached from strategic direction or objectives of the employed network or health system
 - Network leadership focused on day-to-day issues; not broader strategic issues
 - Physician/provider leadership either non-existent or disengaged
 - Frequent turnover in executive or director-level roles as the network searches for a direction
 - No plan for the network to support current health system strategy; let alone a broader expansion into value-based care/risk.

A dark blue background featuring a stethoscope and a line graph. The stethoscope is positioned in the center, with its chest piece resting on a surface. To the left, a line graph with square markers shows an upward trend. To the right, a pen is visible, and a jagged line graph is partially shown. The overall theme is healthcare and business transformation.

Transformation Overview

Creating Context for Transformational Change

EMPLOYED NETWORK TRANSFORMATION



Collaboratively defining the **Shared Vision** of the employed provider network's ideal future state provides the direction and context for how the network will need to evolve to attain that vision. It provides a picture of how the group would look and function in the future if it develops and matures in an ideal environment. This is the crucial, foundational step toward Employed Network Transformation. Without a defined vision of what the group is working toward, leadership activities end up being focused on the day-to-day; strategy does not progress; capabilities do not progress. Without the Shared Vision, the network lacks a context for change. **This context should evolve as the network and its environment evolves.**

Creating Context for Transformational Change

EMPLOYED NETWORK TRANSFORMATION



Health systems must be willing to elevate the employed network within the health system structure. It cannot be treated as a subservient entity to the hospital(s). Investments in the employed network **leadership and management infrastructure** must be made proactively with the goal of achieving operational efficiency and a long-term ROI. Employed provider networks must have dedicated leadership and sufficient dedicated support services to execute day-to-day operations as well as develop and execute the strategic capabilities required to fulfill the health system's long-term needs.

Creating Context for Transformational Change

EMPLOYED NETWORK TRANSFORMATION



The path toward higher performance requires concerted efforts to build upon the foundation laid by the Shared Vision and Optimized Leadership and Management Structures. Detailed assessments and analytic action plans related to fulfilling Shared Vision Strategies must be pursued and implemented. Simply identifying and implementing initiatives is not enough. The results of each implementation must be re-assessed and re-analyzed to determine whether the desired results were achieved and how these results might be further improved. **The process of continuous network improvement must be embedded in the network culture, processes, and actions.**



Building a Shared Vision

Building a Shared Vision



The **Shared Vision** becomes a beacon that illuminates the future, draws the network together for a common purpose, provides the foundation from which strategies necessary for success arise, and establishes or reaffirms the framework for a common network culture that transcends individual components.

The **Shared Vision** must explicitly define the ideal future state of the employed network and define the roles and mutual accountability for providers, administration, and all staff necessary to achieve that state.

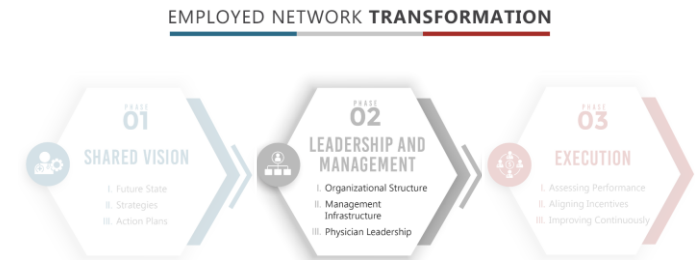
The **Shared Vision** becomes the roadmap that guides the network's journey forward and becomes the context for needed organizational change.



Evolving Leadership and Management Structures

Evolving Leadership & Management Infrastructure

The **Leadership and Management Infrastructures** in which most employed networks exist is largely a result of piecemeal additions made over time as new practices were added. In some cases, the network may be no more than an amalgamation of the still existing corporate structures of the practices who were acquired early in the network's development.



For networks to successfully evolve the capabilities the health system needs, the Organizational Structure must support effective operations. Executives in these organizations may perceive the need for change but encounter significant internal barriers to doing so. Barriers may include –

- Disruption to provider/practice autonomy
- Momentum perpetuating status quo
- Lack of context with which to engage providers
- Lack of leadership structures to effectively engage providers and create change
- Time and effort consumed with fire-fighting in daily operational issues

Evolving Leadership & Management Infrastructure

- **Elevate the Employed Provider Network.** The employed network should be a peer of the hospital(s) and other organizational entities within the context of the health system structure. In many health systems, the employed network is subservient to the hospital – leading to the impression within the network of being less important and less well supported. This conceptual shift often represents a significant swing in cultural mindset and operational functional state.
- **Build Dyad Leadership.** Dyad leadership teams consisting of administrative and provider pairs should be utilized throughout the network – from the executive level to the regional/divisional level and the practice level. Infusing physician leadership into the formal organizational structure unifies reporting relationships which further optimizes operations. Individuals placed in these roles may require training, coaching, and mentoring to be an effect team.
- **Align Specialties.** Grouping practices by specialty aligns philosophies and operational approaches, which facilitates management and promotes cohesion. At the simplest level, grouping primary care, medical subspecialties, and surgical specialties in separate divisions is a place to start this thought process.
- **Consider Geography.** In larger networks, grouping like-specialty practices by geographic location/spread utilizes management more efficiently and permits greater onsite management presence.
- **Focus on Span-of-Control.** Networks should target an organizational structure that promotes a span of control of 5-7 capable direct reports throughout the management structure – except at the practice level. This allows realistic interactions related to monitoring, supervision, and mentoring. Many employed provider networks experience a mentality focused solely on overhead and subsidy reductions, leading to lack of investment in leadership and management staffing. This results in a management span of control that is wildly out-of-line with reasonable expectations and the predictable inability to effectively manage the network and achieve improved outcomes.

Building an Effective Provider Leadership Council (PLC) and Committee Structure

The benefits of establishing an effective Provider Leadership Council includes the following:

- **Executing the Shared Vision and associated strategies.** The PLC becomes a driving force for utilizing as a cornerstone of decision-making processes, implementing potential strategies to achieve higher performance, and modifying the Shared Vision and associated strategies as network circumstances change.
- **Soliciting strategic and tactical input from direct care providers.** Direct involvement in these areas at all stages of development predicts more positive results and more immediate provider “buy in”.
- **Reviewing practice performance.** Established operational (financial, productivity, and efficiency), clinical quality, patient safety, and patient satisfaction metrics should be reviewed through a dashboard format on a regularly scheduled basis. This provides the Council with the opportunity to help replicate positive practices and identify potential areas for improvement.
- **Presenting potential new initiatives.** The PLC is an excellent mechanism through which to vet proposed initiatives – regardless of source.
- **Promoting “ownership” of practice function and initiatives.** Abdicating, or abrogating, this important responsibility will result in subpar network performance.
- **Establishing the desired culture.** The PLC creates the foundation for a common culture within the network and Council members serve as role models for peers and colleagues.
- **Educating and grooming future leaders.** PLC or PLC Committee membership introduces prospective leaders to the network/hospital/health system perspective and promotes a collective rather than individual focus that can differentiate potential leadership candidates and allow early development of leadership characteristics.

Building an Effective Provider Leadership Council (PLC) and Committee Structure

- Successful **Provider Leadership Councils (PLCs)** are supported by a committee structure that accomplishes the detailed work of PLC functions and ultimately drives the PLC agenda.
- The PLC becomes the focus for evaluating and achieving the Shared Vision – including monitoring the status of prioritized potential strategies and re-evaluating them over time – and the PLC Committees become the vehicle to develop and attain a large portion of the associated strategic initiatives.
- This effort allows agenda creation and action to shift from being solely driven by network administration to being driven by the PLC and its committees and supported by network administration.
- An effective committee structure also involves more network providers in network functions in a multispecialty, multidisciplinary manner and promotes greater ownership in network actions and outcomes.

PROVIDER LEADERSHIP COUNCIL AND COMMITTEES



A dark blue background featuring a stethoscope and a line graph. The stethoscope is positioned in the center, with its chest piece resting on a surface. A line graph with square markers is visible in the lower-left quadrant, showing an upward trend. The overall theme is medical or healthcare-related.

Executing the Shared Vision

Executing a Continuous Improvement Philosophy Within the Employed Network

- With the Shared Vision defining the network's desired future course and the Organizational Structure, Management Infrastructure, and Physician Governance providing a solid operational engine, developing and executing upon a philosophy of **Continuous Improvement** towards High-Performance will position the network to produce tangible improvement in employed network performance and outcomes.
- Most importantly, this should include:
 - Aligning provider compensation incentives towards desired behaviors that support shared vision and health system strategy
 - Continuously and comprehensively assessing the state of network financial and operational performance and adapting performance improvement plans to be leveraged by leadership, including:
 - Setting organizational expectations for alignment and continuous improvement



| Summary

- Bringing elements of the employed provider network together to create a Shared Vision for a cohesive, integrated employed network provides a strong framework for positive change and a roadmap for how to attain the desired ideal future state.
- Developing a consolidated organizational structure with embedded formal physician and APP leadership – both through the physician executives associated with the dyad leadership structure and the PLC and its Committees provides a vehicle for sustainable change and higher performance.
- As the infrastructure develops and matures, utilizing it to unify and standardize complex functional areas such as compensation models and practice/network optimization can occur.

A blue-tinted photograph of a medical professional, likely a doctor, wearing a white lab coat and a stethoscope. The doctor is holding a smartphone in their right hand and gesturing with their left hand. They are standing next to a patient who is lying down, with their hand visible near a stethoscope. The background is slightly blurred, showing a medical setting.

HSG | Questions

A dark blue background featuring a stethoscope and a pen. Overlaid on this are faint line graphs with square markers. The text 'About HSG' is prominently displayed in white.

About HSG

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.