



Optimizing Your “Investment” Improving Employed Provider Network Financial Performance



| Learning Objectives



- Understand where you are and benchmark current state
- Understand common drivers of out-of-line employed provider network investment
- Understand best-practice frameworks for evaluating employed provider network financial performance

Presenter



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MANAGING DIRECTOR

EXPERTISE

- Operational and Financial Performance
- Management Infrastructure and Administrative Leadership
- Revenue Cycle
- Physician Leadership Development



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EXPERTISE

- Operational and Financial Performance
- Physician Practice Management
- Strategic Planning and Process Improvement
- Revenue Cycle

| Disclaimer Statement

- Conflict of interest is defined as having a significant financial interest in a product to be discussed or is or has been an employee of a company with such financial interest. Conflict of interest does not prevent a person from being a member of the planning committee or a speaker from making a presentation, but the audience must be informed of this relationship at the start of the session.
- We have no real or perceived conflicts of interest that relate to this presentation.

HSG Services

HSG Advisors (HSG) partners with health systems to transform their approach to their markets, services, and providers for improved growth and operational and financial sustainability.



HSG CLAIMS DATA ANALYTICS

- HSG Outpatient and Physician Office Market Share™
- HSG Patient Share of Care™
- HSG Patient Flow™



HSG STRATEGY

- Market Share Growth Strategy
- Medical Staff Development Planning
- Health System Strategic Planning



HSG EMPLOYED PROVIDER NETWORKS

- Operational and Financial Performance Improvement
- Network & Practice Turnaround
- Infrastructure and Leadership Growth

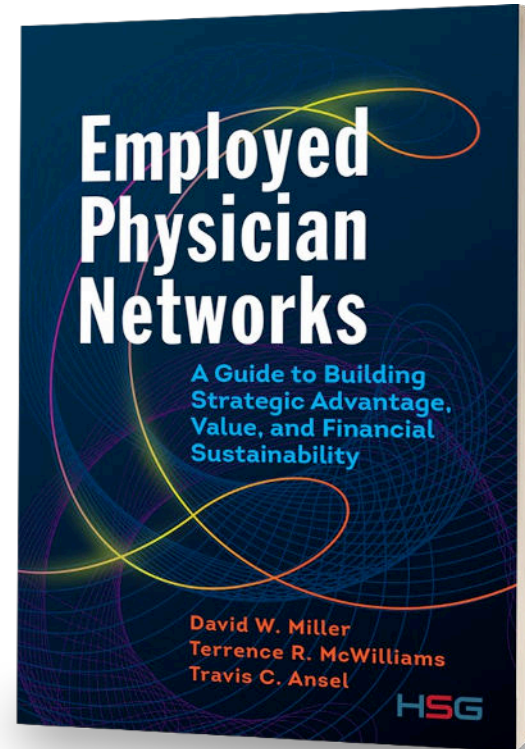
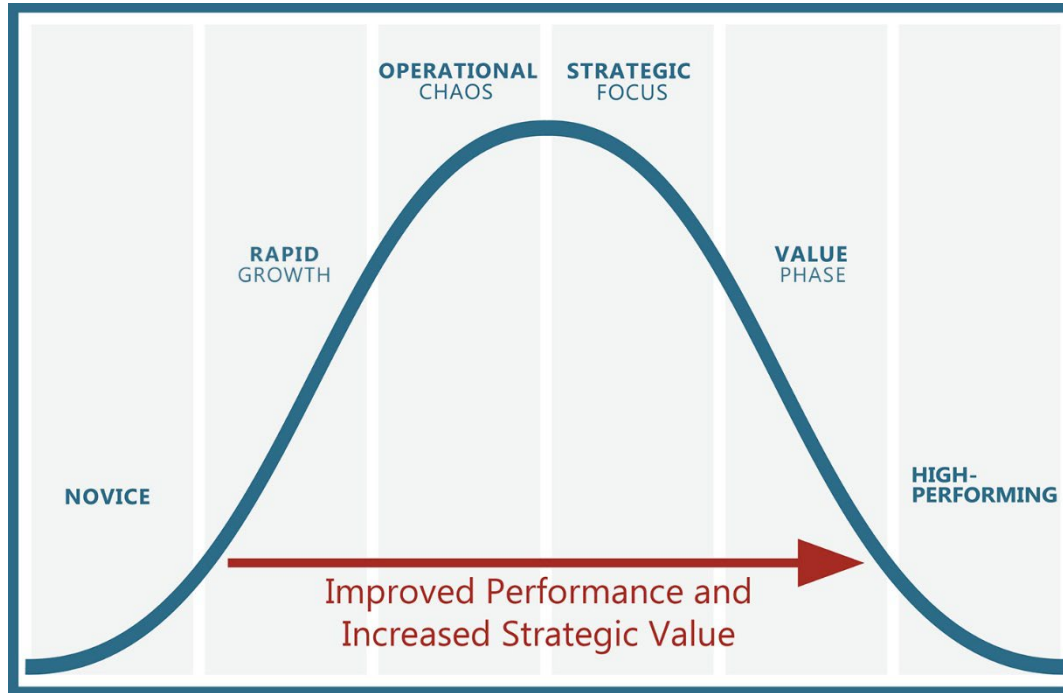


HSG COMPENSATION AND COMPLIANCE

- Compensation Plan Design
- Fair Market Valuation Services
- Hospital-based Subsidy Arrangements

HSG Philosophy for Health System Employed Provider Networks

HSG Physician Network Growth Phases™



[HSG Book in Partnership with ACHE](#)

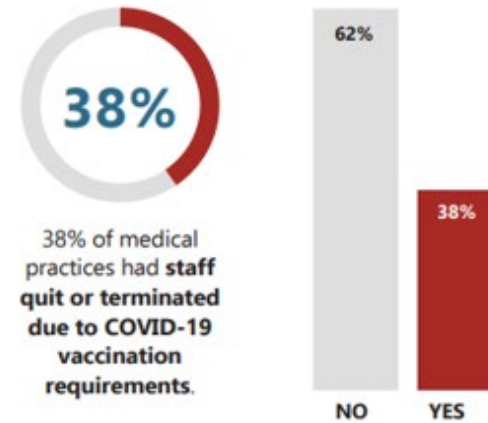
Our work with health system employed physician networks is what led us to create “**HSG Physician Network Growth Phases**” which our view of how employed physician networks progress, the challenges they face at different points in their evolution, and what must be done by health system leadership to 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, serves the needs of providers, patients, and other stakeholders, and ultimately is capable of driving the health system’s achievement of its goals and objectives.

| History

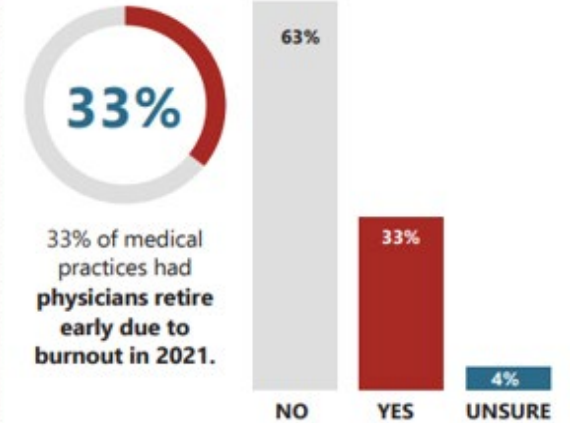
- Hospitals or health systems employ 78% of providers that were either in private practice or employed by a hospital or health system, based on the 2021 MGMA physician compensation survey report.
 - Up from 72% five years prior
- Continued increase in provider employment continues to impact network losses
 - Having the ability to pinpoint the reasons for losses is imperative for financial sustainability

Employee Engagement

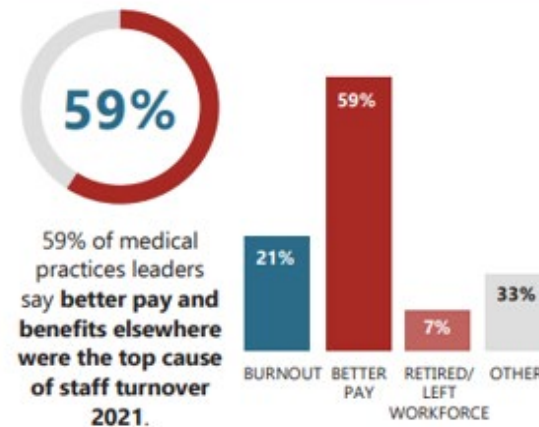
- The last two years have been volatile for staffing
- Engaging all staff and celebrating successes is imperative to build morale and optimizing practice operations
- Engagement should start during the build process



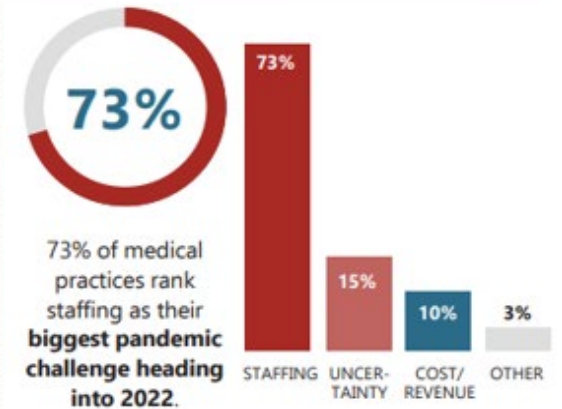
MGMA Stat poll. October 5, 2021
Have any of your staff quit or been terminated due to COVID-19 vaccine requirements?
1018 responses | MGMA.COM/STAT, #MGMASTAT



MGMA Stat poll. October 26, 2021
Have physicians retired early or left your practice in 2021 due to burnout?
930 responses | MGMA.COM/STAT, #MGMASTAT



MGMA Stat poll. February 1, 2022
Top cause for staff turnover in 2021?
823 responses | MGMA.COM/STAT, #MGMASTAT



MGMA Stat poll. September 21, 2022
What is your biggest pandemic challenge heading into 2022?
983 responses | MGMA.COM/STAT, #MGMASTAT

| Key Questions for Current State

- What do we currently know?
 - Provider-level production
 - Provider-level compensation to production
 - Financial Metrics
 - Under- or over-coding issues
 - Denials management
 - Claims/Collections
 - Staffing levels
 - Referral sources
- How is the network structured and is that maximizing efficiencies?
- How does this information get communicated and how often



| Operational and Financial Metrics to Consider

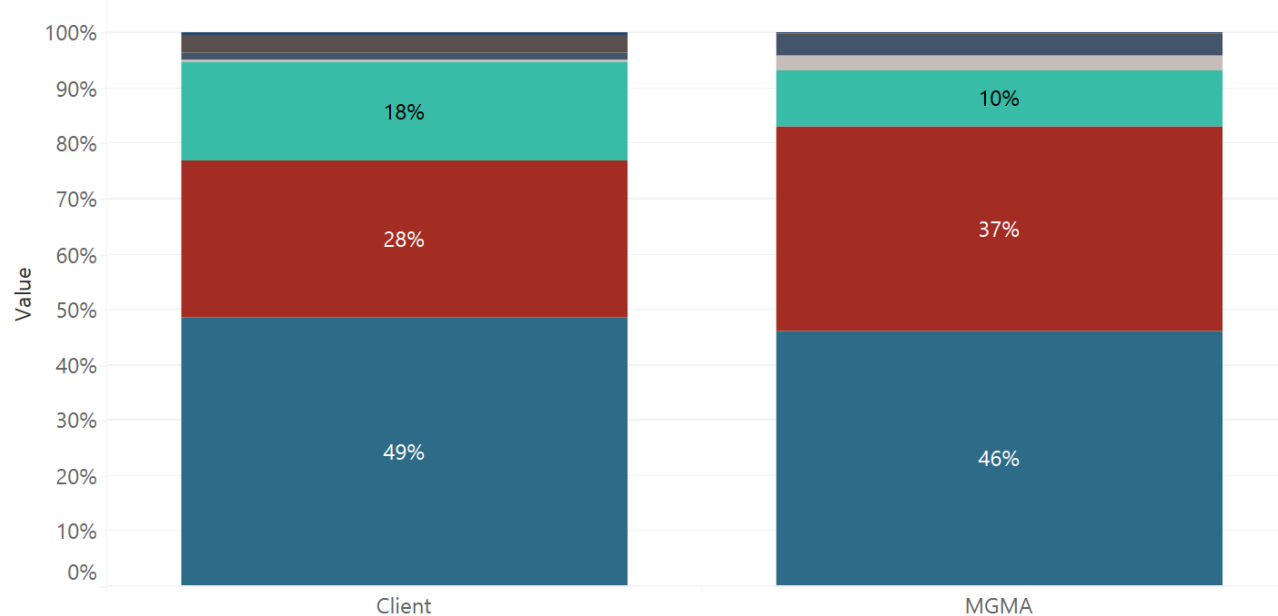
- Financial Performance vs. Benchmark
 - Network
 - By Practice
- Productivity vs. Benchmark
- Productivity vs. Compensation
- Staffing per FTE and wRVU
- Coding Curves
- Revenue Cycle
 - A/R by Cohort
 - Denials
 - Payer Mix

Financial Metrics compared to Benchmark

Financial Totals Compared to Benchmarks

| MGMA Benchmark | Per Physician | | Per Provider | | Per wRVU | |
|-----------------------|----------------|-------------------------|----------------|-------------------------|----------------|-------------------------|
| | Client Total | MGMA Benchmark (Median) | Client Total | MGMA Benchmark (Median) | Client Total | MGMA Benchmark (Median) |
| Total medical revenue | \$49,523,271 | \$36,238,883 | \$49,523,271 | \$32,291,505 | \$49,523,271 | \$49,159,619 |
| Total cost | \$77,444,185 | \$55,068,399 | \$77,444,185 | \$49,758,234 | \$77,444,185 | \$77,382,425 |
| Net income/loss | (\$27,920,915) | (\$19,718,638) | (\$27,920,915) | (\$18,476,184) | (\$27,920,915) | (\$27,335,563) |

Payer Mix Chart



Payer Mix Table

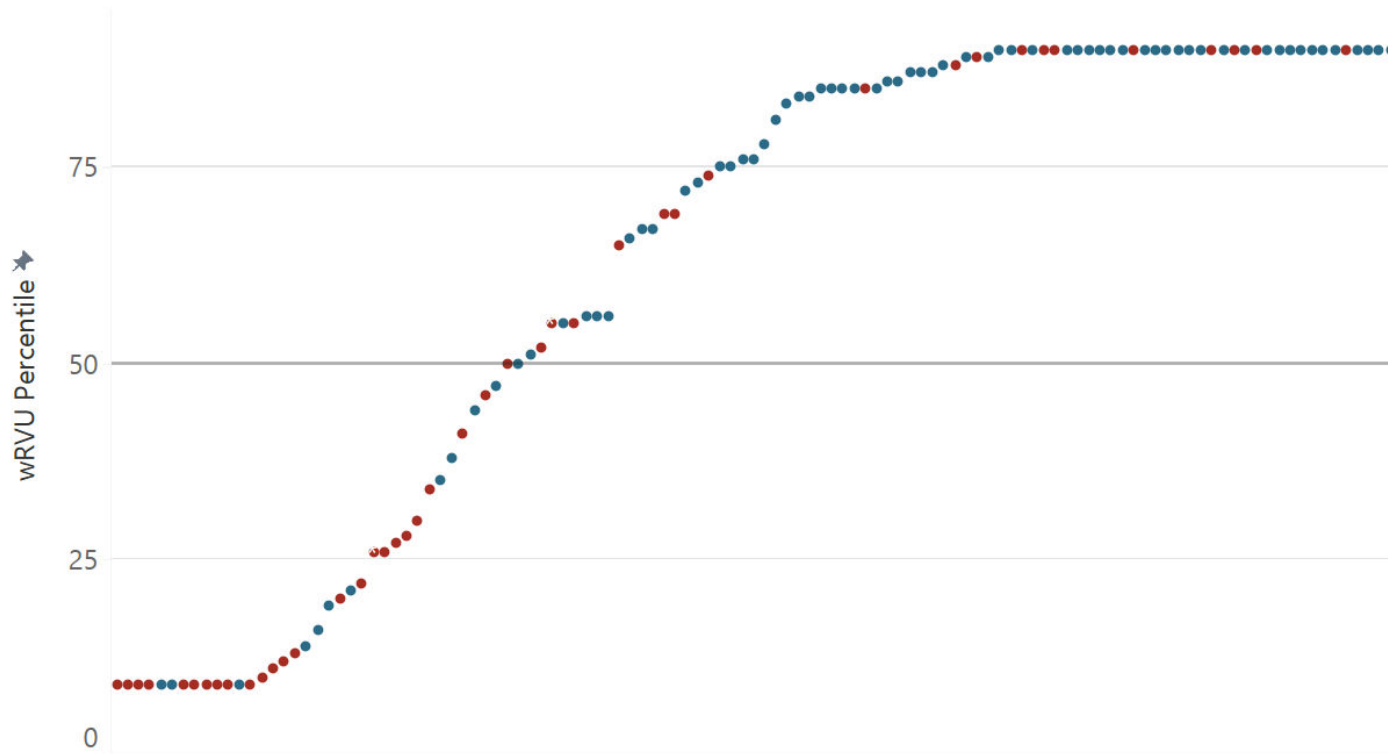
| Payer | Client | MGMA |
|---------------|--------|--------|
| Workers' Comp | 0.4% | 0.2% |
| Other | 3.1% | 0.2% |
| Self-Pay | 1.2% | 3.7% |
| Other Gov't | 0.5% | 2.6% |
| Medicaid | 17.8% | 10.1% |
| Medicare | 28.5% | 37.2% |
| Commercial | 48.5% | 46.0% |
| Grand Total | 100.0% | 100.0% |

Payer

- Workers' Comp
- Other
- Self-Pay
- Other Gov't
- Medicaid
- Medicare
- Commercial

Productivity wRVUs vs. MGMA Benchmark

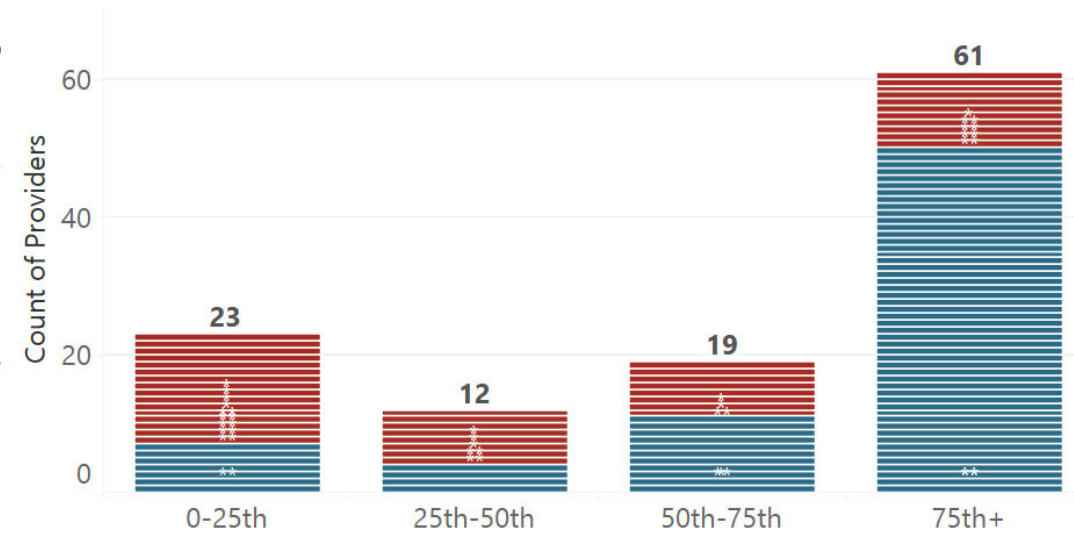
wRVU Plot



Each dot represents one provider. Color coded by provider type.
 * Denotes hire date during 2022
 ** Denotes hire date during 2021

Provider Type
■ APP
■ Physician

By Quartile

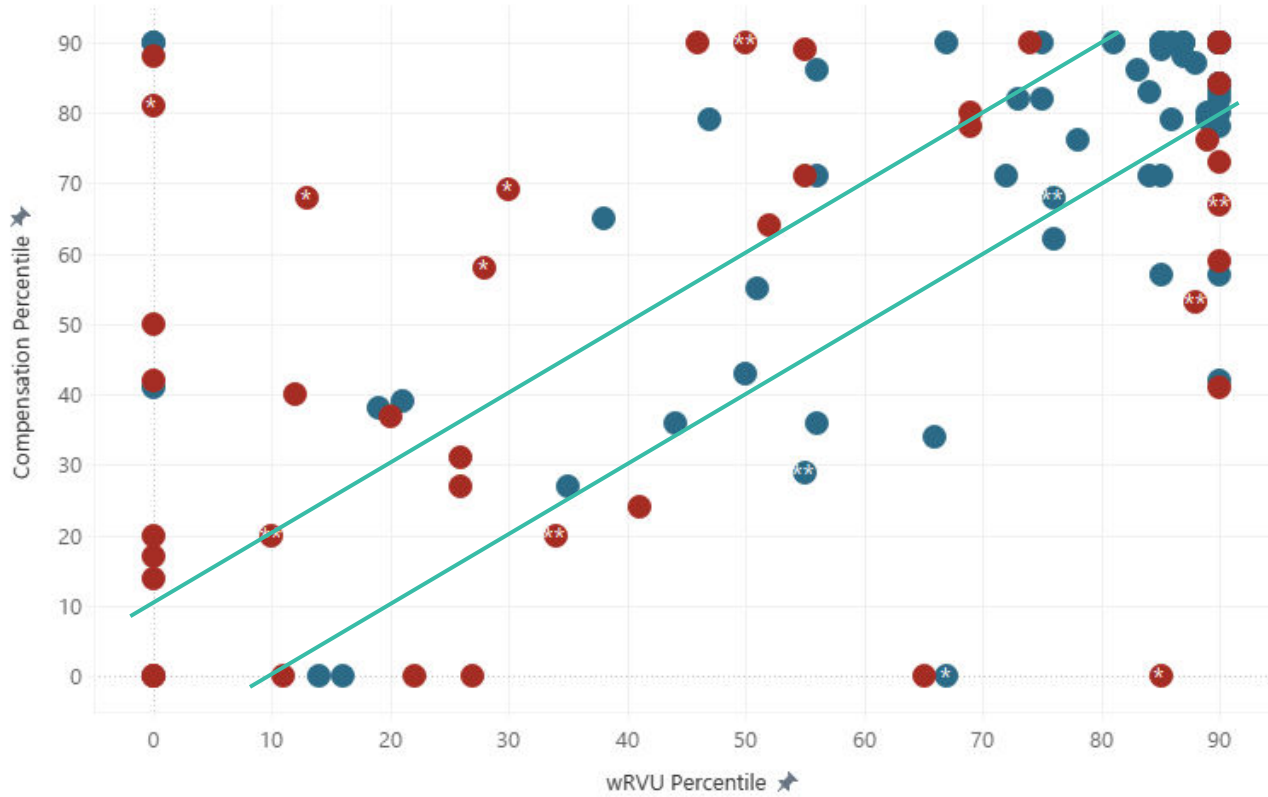


Summary Table

| Provider Type | Year Hire | 0-25th | 25th-50th | 50th-75th | 75th+ | Total |
|--------------------|-----------|-----------|-----------|-----------|-----------|------------|
| Physician | * 2022 | | | 1 | | 1 |
| | ** 2021 | 1 | | 1 | 2 | 4 |
| | Pre-2021 | 6 | 4 | 9 | 48 | 67 |
| APP | * 2022 | 4 | 3 | 2 | 1 | 10 |
| | ** 2021 | 5 | 2 | 1 | 4 | 12 |
| | Pre-2021 | 7 | 3 | 5 | 6 | 21 |
| Grand Total | | 23 | 12 | 19 | 61 | 115 |

Compensation vs. Productivity

Productivity and Compensation Percentiles by Provider

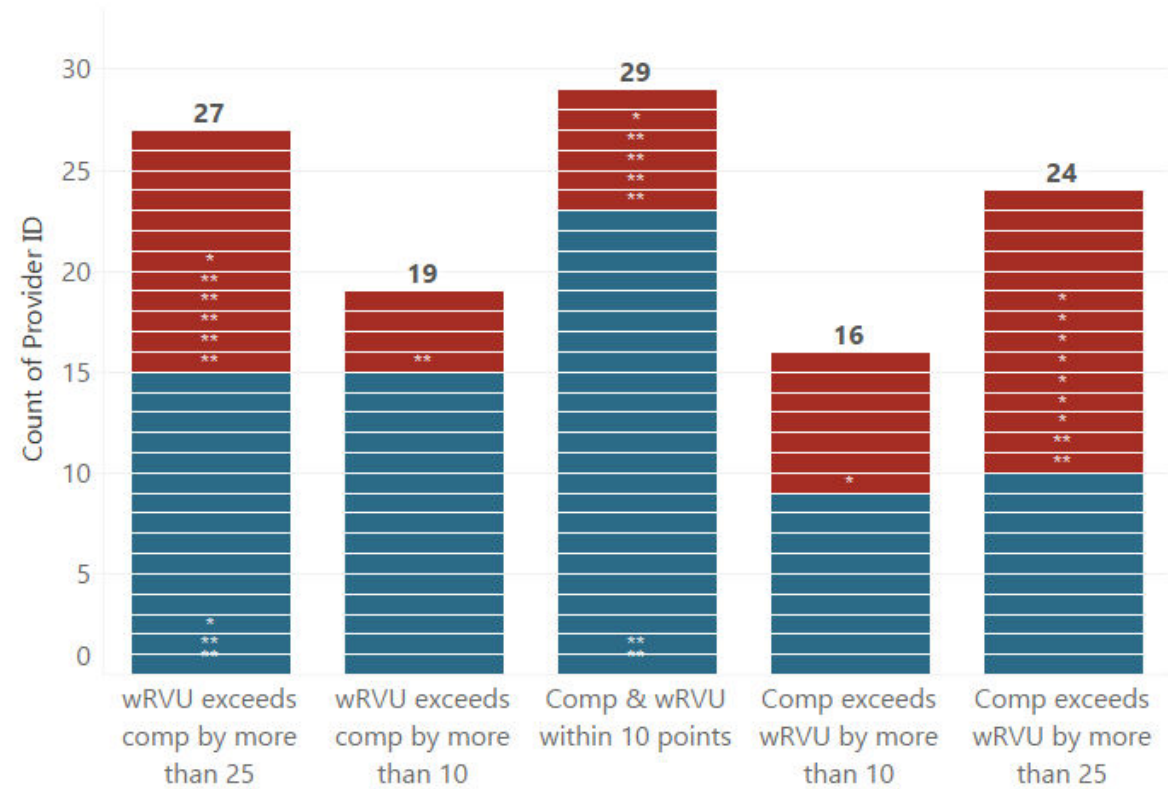


Position along the y axis reflects wRVU percentile as compared to 2022 MGMA survey (National)
 Each dot represents one provider. Color coded by provider type.
 * Denotes hire date during 2022
 ** Denotes hire date during 2021

Practice
All

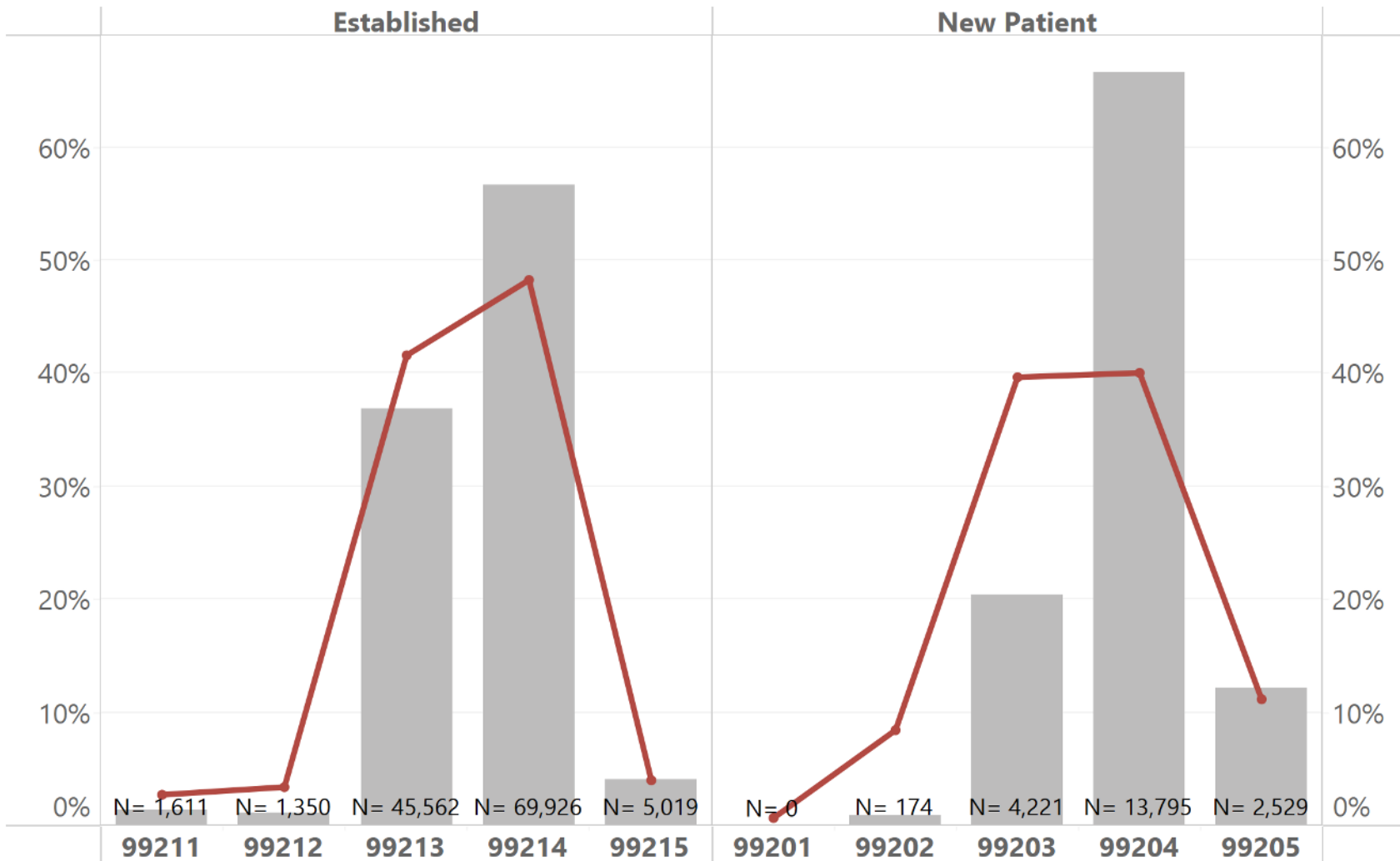
MGMA Specialty
All

Provider Count by Compensation & Productivity Category



Upper Left Quadrant: Potential for **compliance** risks
Lower Right Quadrant: Potential for **retention** risks

Overall Coding curve with Financial Opportunity



Financial Opportunity

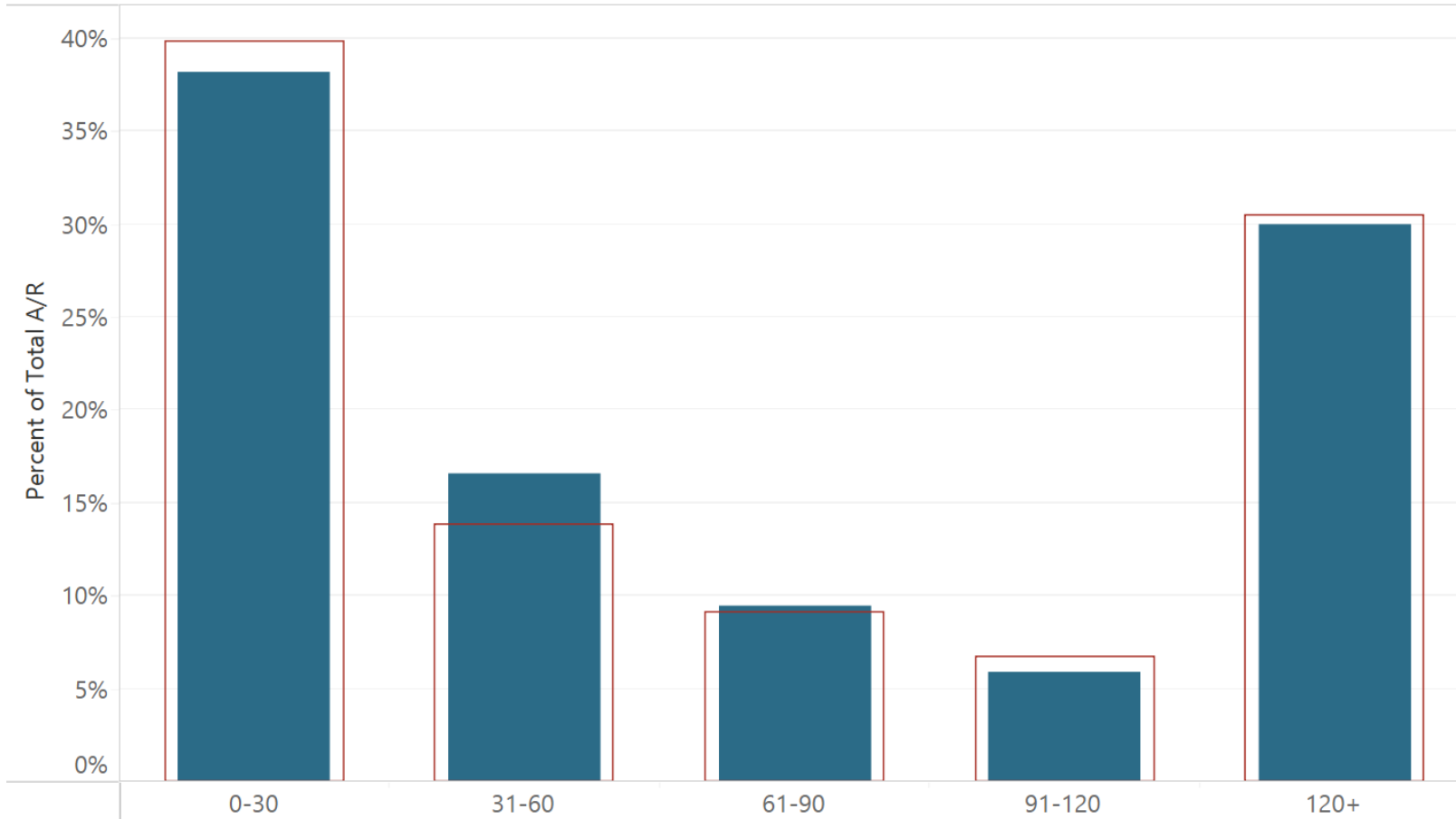
| Provider Type | Dollar Impact |
|--------------------------------|----------------------|
| Family Practice | (\$6,229) |
| Internal Medicine | (\$256,877) |
| Hematology/Oncology | \$106,956 |
| Cardiology | (\$86,330) |
| Urology | (\$84,257) |
| Obstetrics/Gynecology | \$11,256 |
| Pulmonary Disease | (\$103,517) |
| Gastroenterology | (\$380,853) |
| Orthopedic Surgery | (\$87,273) |
| General Surgery | (\$216,579) |
| Rheumatology | (\$134,498) |
| Sports Medicine | (\$95,409) |
| Pediatric Medicine | (\$49,725) |
| Pain Management | (\$26,661) |
| Thoracic Surgery | (\$5,023) |
| Hand Surgery | (\$5,912) |
| Physical Medicine and Rehabi.. | \$726 |
| Grand Total | (\$1,420,203) |

NOTE: Coding curves are applicable to Physicians only. All APPs have been removed from data. CMS Coding curves pre-2021 changes.

Dollar Impact calculated by multiplying Incremental wRVU by average Collection per wRVU of \$70.

| AR Aging Analysis

AR Aging to Benchmarks



Practice Name

All

AR Per

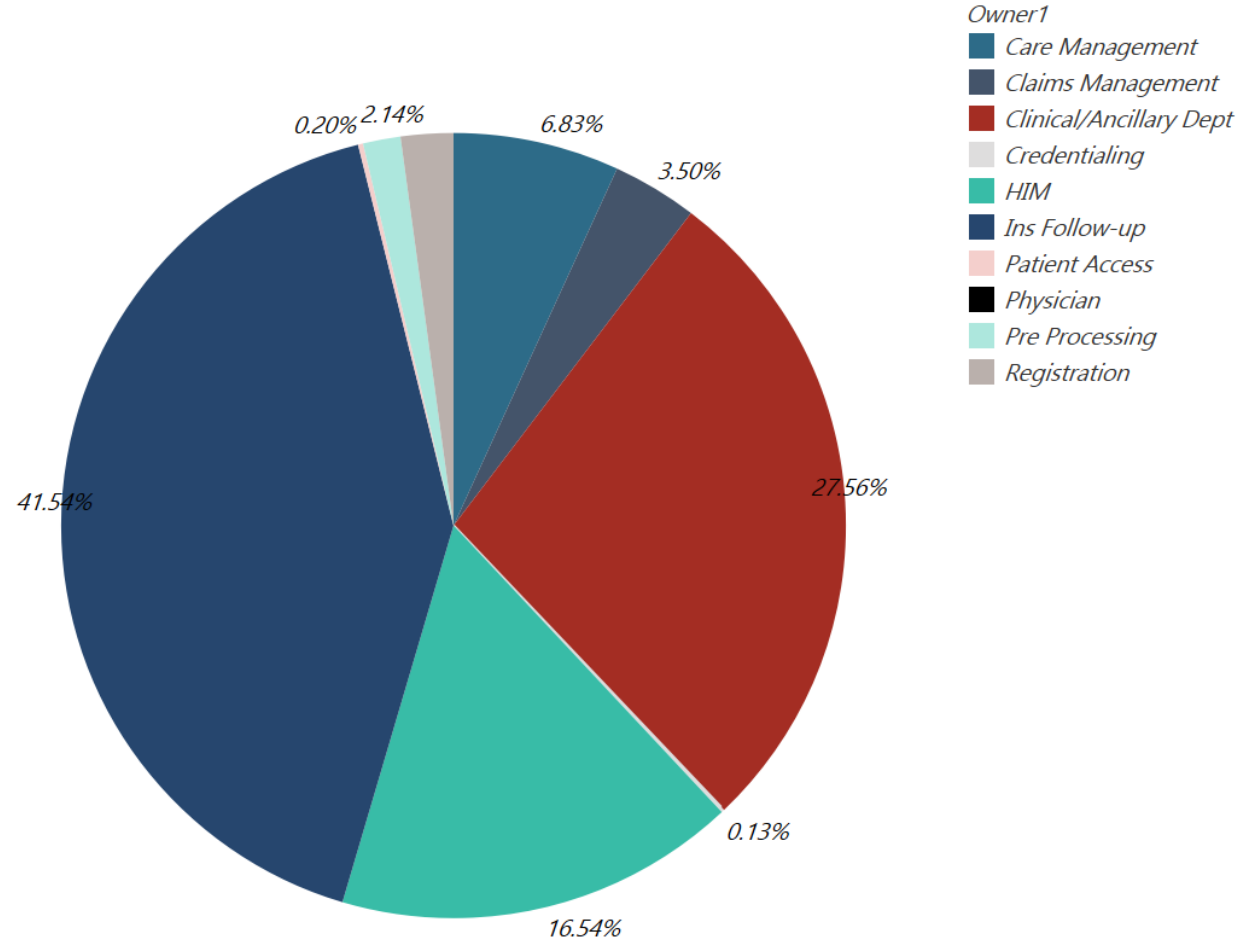
| Physician | | Provider | |
|----------------|-----------------|----------------|-----------------|
| Total AR Ratio | Benchmark Rat.. | Total AR Ratio | Benchmark Rat.. |
| \$435,575 | \$180,135 | \$291,408 | \$108,627 |

NOTE: Excluded all accounts in account status "Collection Agency" from data analysis.

Actionable Denials Analysis

Actionable Denials by Ownership Category

| | Count of Denied Claims | Sum of Denial Amount |
|-------------------------|------------------------|----------------------|
| Care Management | 2,393 | \$52,877.06 |
| Claims Management | 6,534 | \$27,112.02 |
| Clinical/Ancillary Dept | 1,610 | \$213,262.78 |
| Credentialing | 39 | \$1,000.00 |
| HIM | 9,049 | \$127,931.00 |
| Ins Follow-up | 6,474 | \$321,351.78 |
| Patient Access | 932 | \$1,555.98 |
| Physician | 13 | \$0.00 |
| Pre Processing | 429 | \$12,003.92 |
| Registration | 1,229 | \$16,593.64 |
| Grand Total | 28,702 | \$773,688.18 |

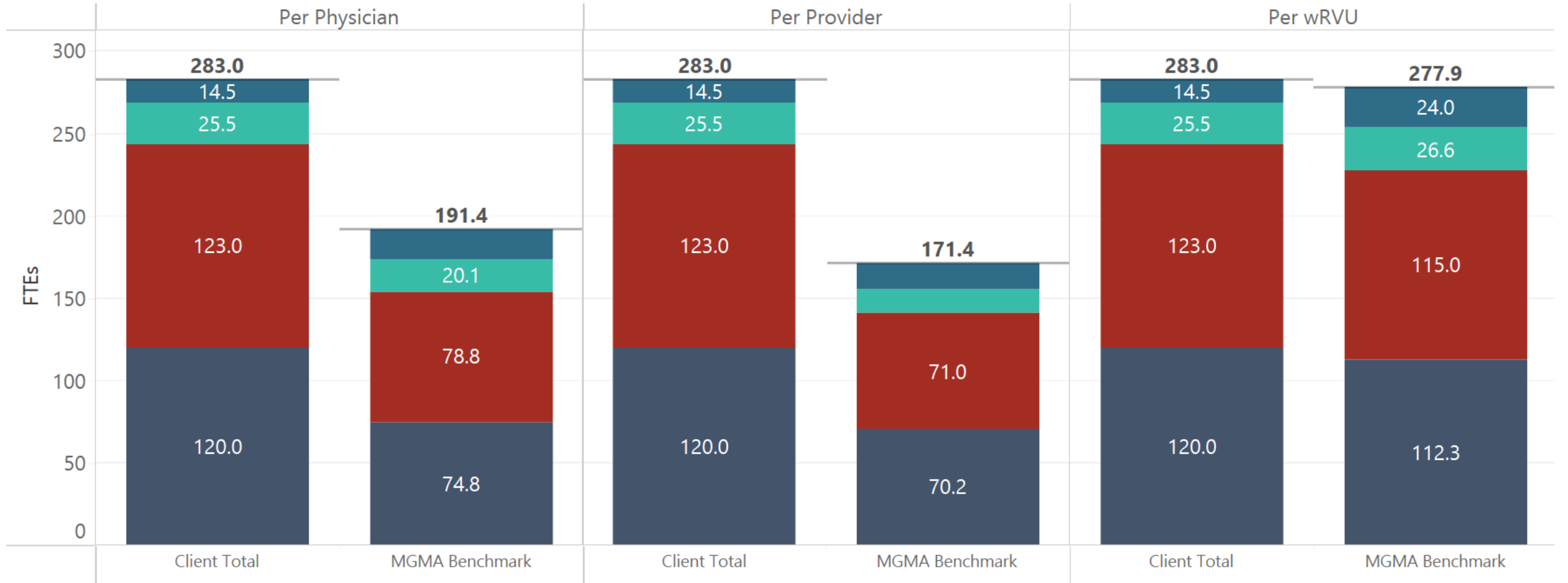


Staffing Analysis

MGMA Benchmark

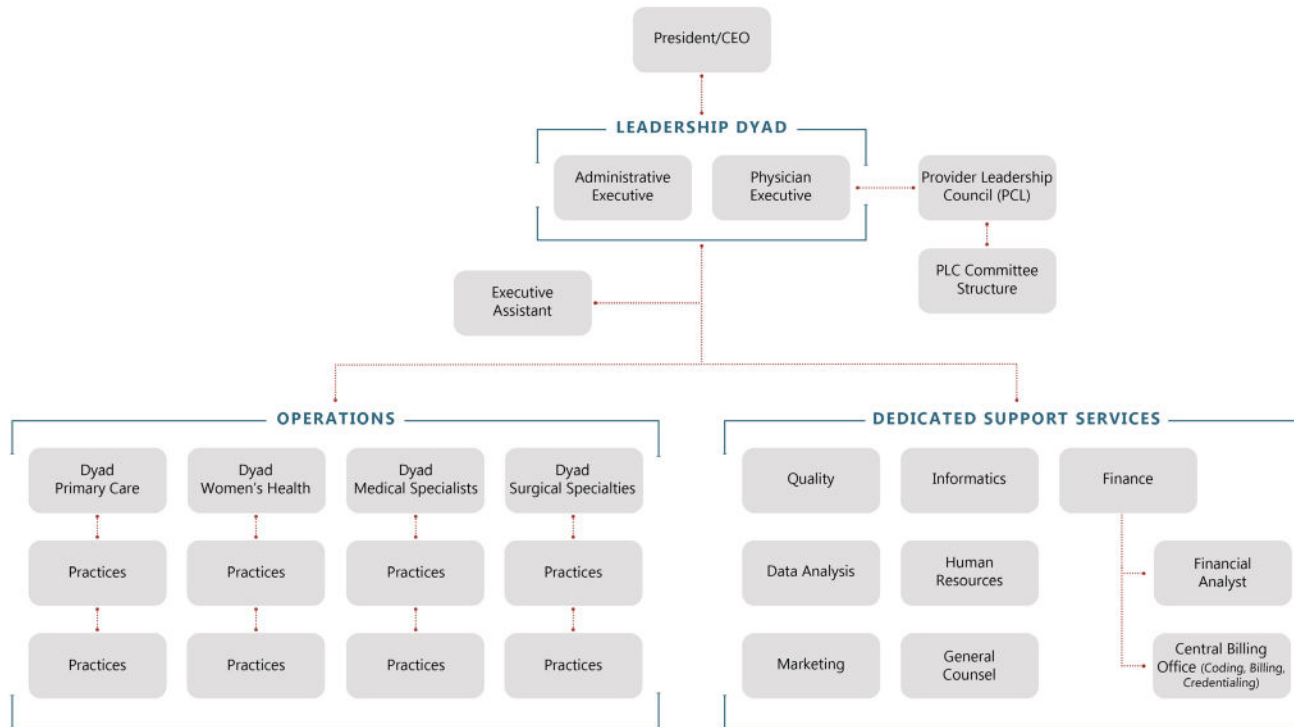
- Staffing: Total ancillary support staff
- Staffing: Total business operations support ..
- Staffing: Total clinical support staff
- Staffing: Total front office support staff

Staffing Graph



Rightsizing Organizational Structure and Management Infrastructure

EMPLOYED PHYSICIAN NETWORK ORGANIZATIONAL STRUCTURE



- **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.
- **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.
- **Align Specialties.** Grouping practices by specialty aligns philosophies and operational approaches, which facilitates management and promotes cohesion.
- **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.

| Key Questions for the Future

- Do we currently equip decision-makers with metric-driven management information to drive operational and strategic decisions?
- Do we have the management, IT infrastructure, and staffing to effectively mine and report on key data metrics?
- Which team members have the greatest ability to effect change for each metric?
- With what frequency (weekly, monthly, and quarterly), and by whom, should dashboard metrics be reported and reviewed?

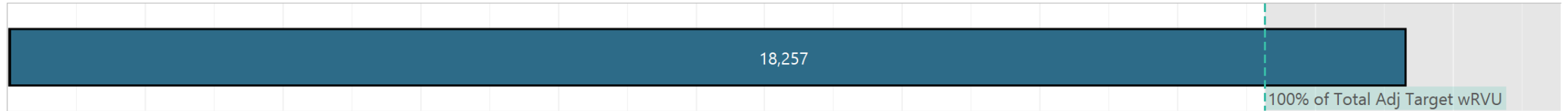


| Data Driven Management

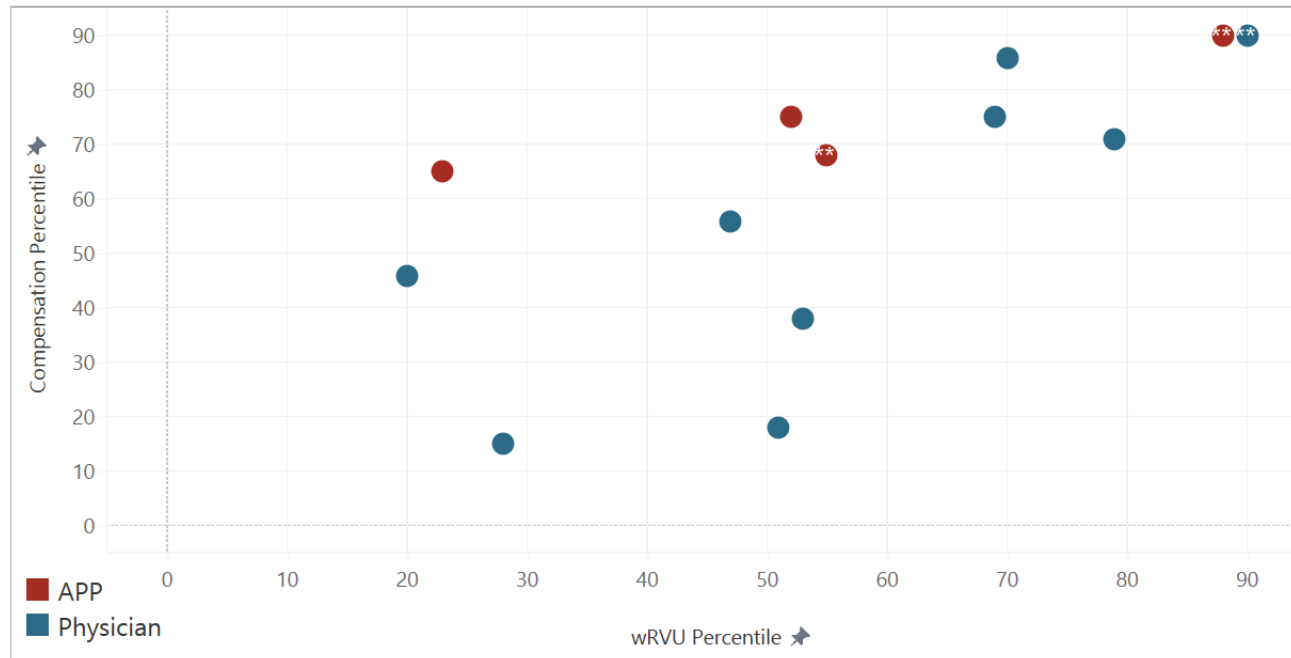
- Metrics are critical to equip decision-makers with data to inform operational and strategic decisions
- Operational efficiencies must be achieved to sustain services
- Consistency of metrics reviewed across audiences is imperative to success and building a culture of optimization
- Suggested metrics for the executive dashboard and all audiences are:
 - wRVUs
 - Collections
 - Denial rates
 - Provider compensation v. wRVUs

Executive Metrics Example

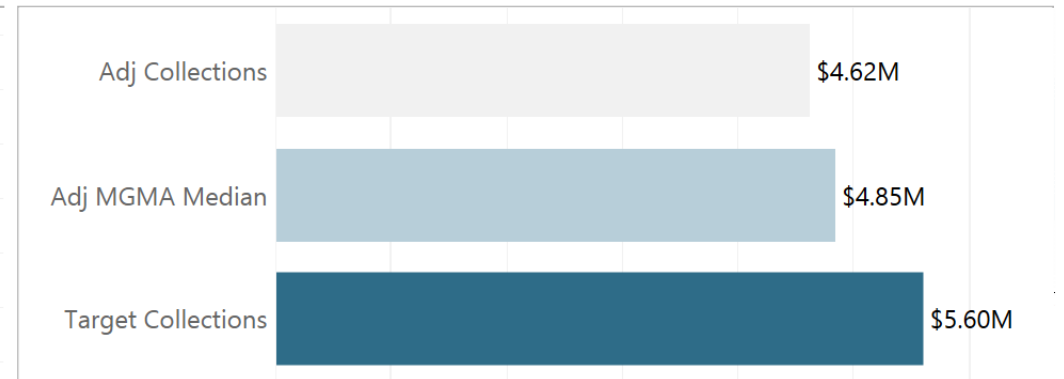
Actual vs Target wRVUs



Productivity and Compensation Percentiles by Provider



Actual vs Target vs MGMA Median Collections



Actual vs Target vs MGMA Median Denials



| Director Metrics

- Targets for directors should include the same metrics as the executive dashboard but with expanded data on practice specificity and three additional metrics:
 1. No-show rate
 2. Staffing
 3. Coding

Director Metrics Example

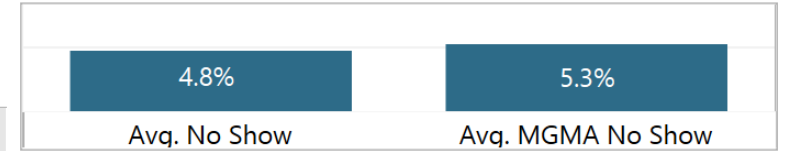
Practice Selector
Primary Care North

Period Selector
2021

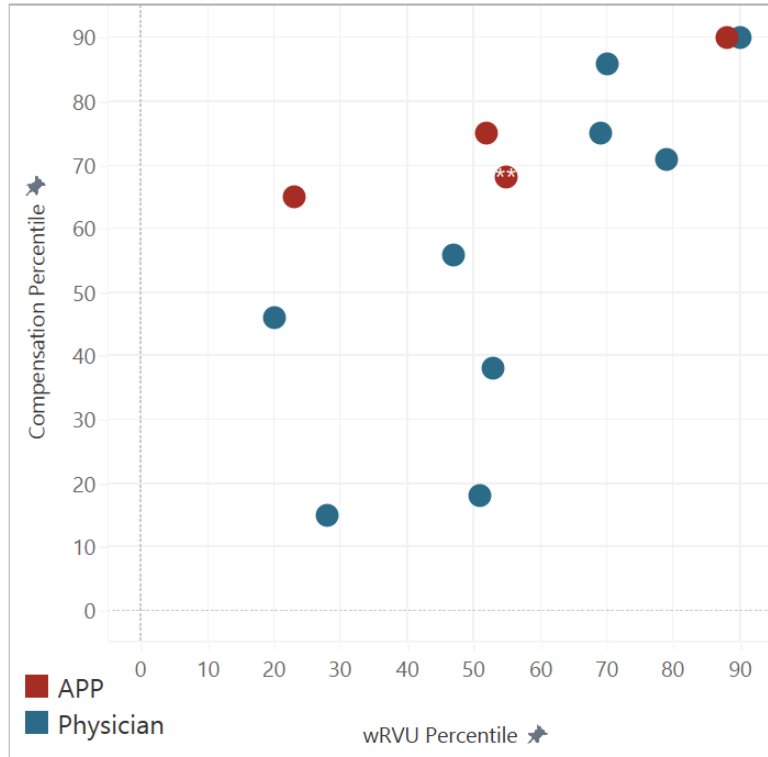
Actual vs Target wRVUs



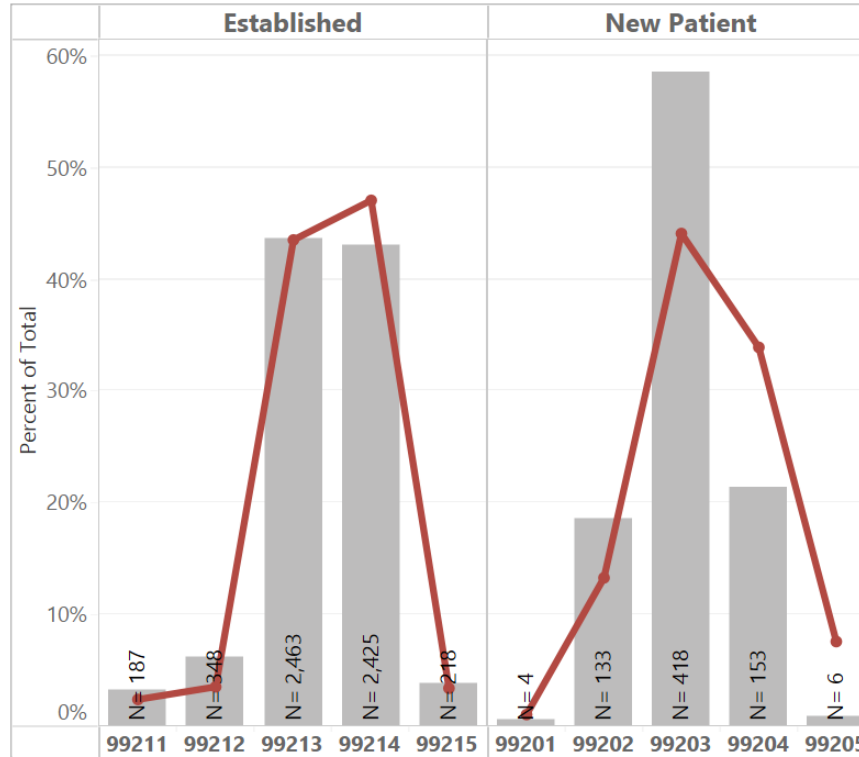
No Show Rate vs MGMA Median



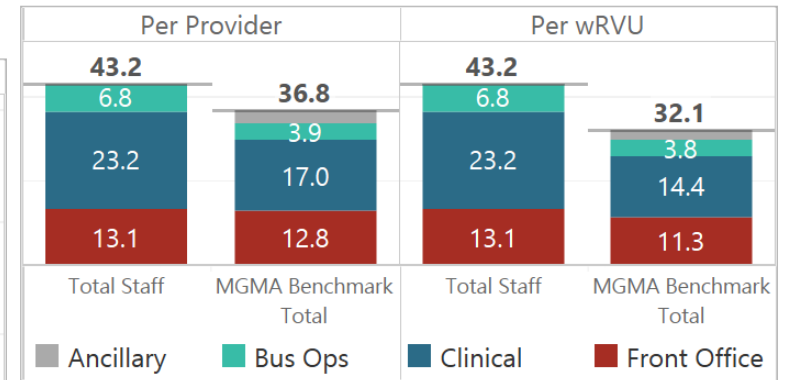
Productivity and Compensation Percentiles by Provider



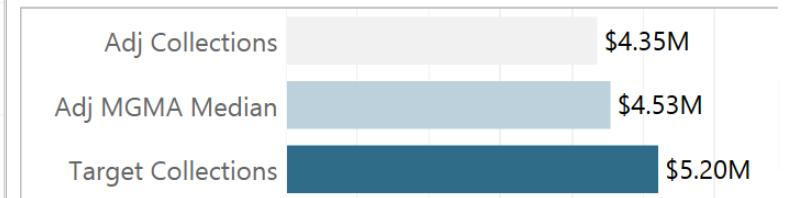
Coding Curves



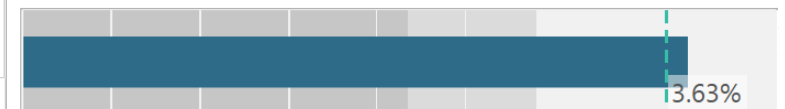
Staffing FTEs Compared to Projected Benchmarks



Actual vs Target vs MGMA Median Collections



Actual vs Target vs MGMA Median Denials



| Practice Manager Metrics

- Practice managers should review the same practice-specific metrics as directors, but also have individual provider detail
 - Providers should also receive their individual dashboard
- Practice metrics should be reviewed monthly with staff
 - Discuss and plan how to achieve goals

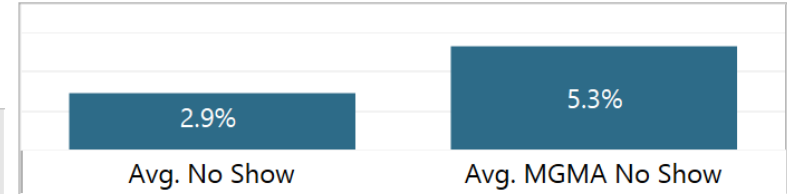
Practice Manager Metrics Example

Practice Selector
Primary Care North

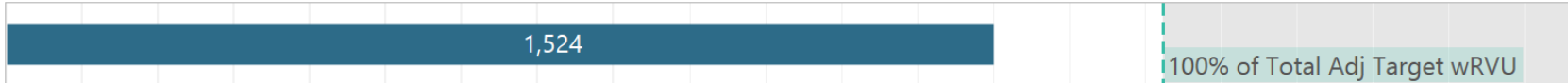
Provider Name
Dr. Augusta Wind

Period Selector
2021

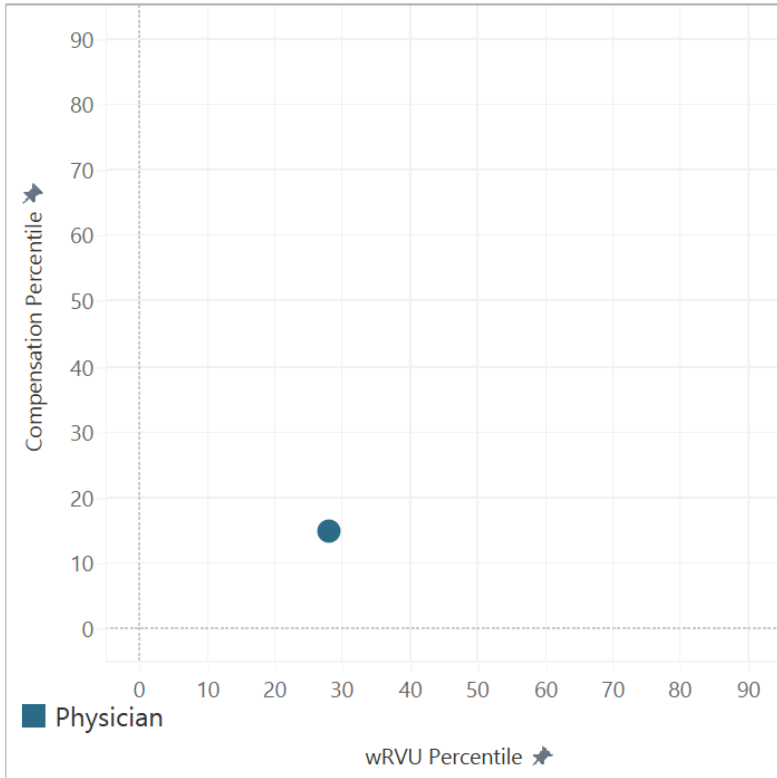
No Show Rate vs MGMA Median



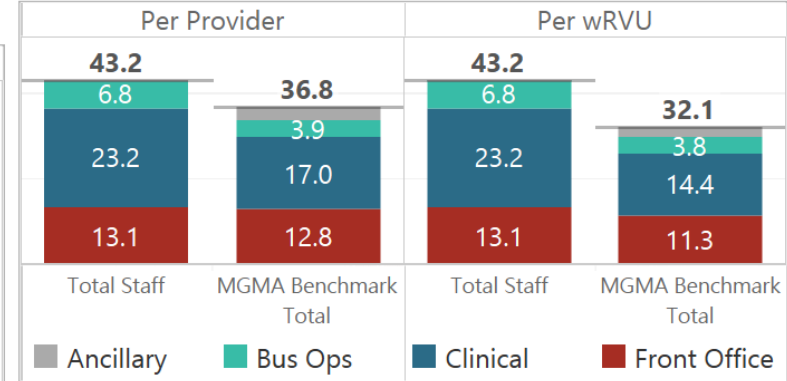
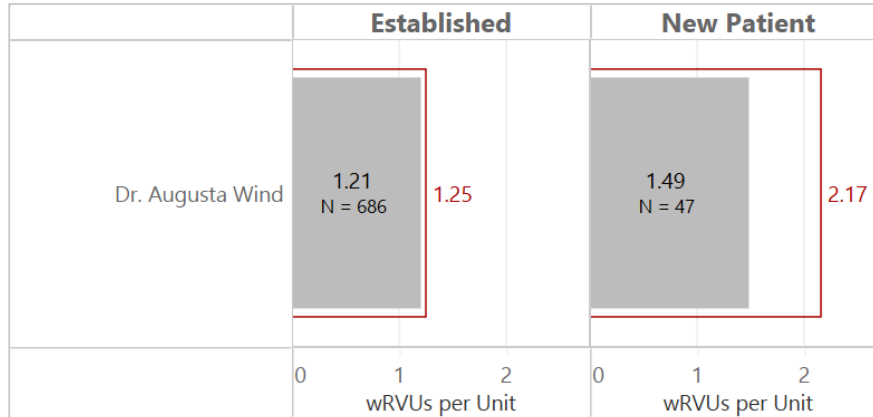
Actual vs Target wRVUs



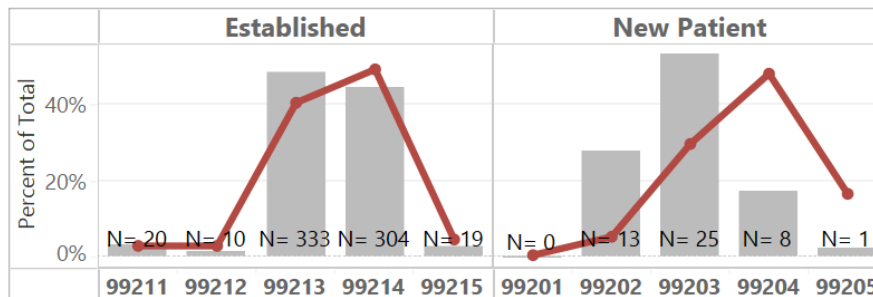
Productivity and Compensation Percentiles by Provider



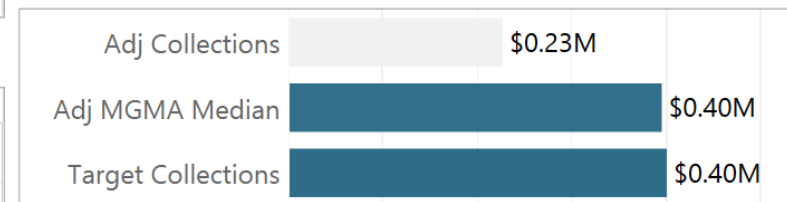
wRVUs Per Unit Per Provider



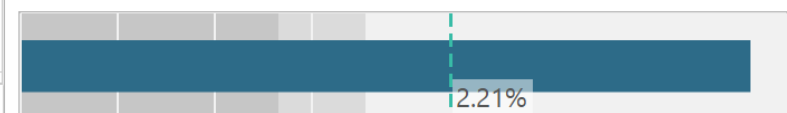
Coding Curves



Actual vs Target vs MGMA Median Collections



Actual vs Target vs MGMA Median Denials



| Metrics

- **The top consideration for what metrics to include is the organization's ability to accurately capture, track, and report the associated data**
 - The build process should be a broad workgroup to gain buy-in across all stakeholders
- Start small to gain buy-in and build excitement then build on the progress
- Visual representations are effective for easy interpretation
- It is imperative every person involved in the operations or revenue cycle of the practice can interpret the dashboards
- IT infrastructure and staff are critical components to use an EMR to its full potential

| Other Considerations

- Organizations must understand what financial incentives they have with payers
 - Processes then need to be built to streamline entry and reporting capabilities to ensure optimal revenue capture
- Having a pulse on the market needs and insight into expansion opportunities of service-line offerings is critical to maintaining a competitive advantage

| Reporting and Review Frequency

- Reporting should be a push system on a regular intervals with three focus areas:
 1. Accountability
 2. Rewarding Improvement
 3. Continual Optimization



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| **Questions**

| Contact Us



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| **Thank You**