Key Market and Provider Metrics to Drive Strategic Service Line Growth

Key Metrics to Drive Service Line Growth
Presentation Overview

- **Abstract:**
  - Maximizing a service line's penetration of the overall market requires a holistic approach to understanding market, competitor, patient and provider dynamics and shape effective strategy.
  - This session will focus on how to measure and interpret key data analytics such as patient utilization of the care continuum, competitor market positioning, provider alignment, inpatient and outpatient (HOPD, ASC, imaging, other ancillary services) market share and physician practice dynamics.
  - Case study examples reviewed will highlight difference in key metrics utilized for community-based hospitals up to statewide academic health system.

- **Learning objectives:**
  - Outline key data metrics and information that should be reviewed prior to support service line development.
  - Recognize how market-level insights can help determine service line growth opportunities in their market(s).
  - Review health system use-cases on utilization of data analytics in service line growth.

HSG **Speakers**

TRAVIS ANSEL

MBA, ACHE

Chief Executive Officer
Managing Director, HSG Strategy

TAnsel@HSGadvisors.com

502.814.1182

Strategic Healthcare Executive experienced in system- and organizational-level management and planning for Physician Alignment Strategy, Employed Physician Network Strategy, and Accountable Care Strategy.

EXPERTISE

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

PROFESSIONAL EXPERIENCE

- Chief Executive Officer at HSG Advisors
- Multi-year enterprise-wide physician strategy planning for large, multi-hospital systems
- Physician Network management team development of long-term alignment and growth plans

EDUCATION

- MBA, Vanderbilt University
- Dual BS in Finance and Business Management, UT Knoxville
- Member, American College of Healthcare Executives *(ACHE)*

HSG **Speakers**

DJ SULLIVAN

MBA, MHA

Chief Strategy Officer
Managing Director, HSG Claims Data Analytics

djsullivan@HSGadvisors.com

502.814.1198

Strategic Healthcare Executive experienced in utilization of data in system- and organizational-level strategic planning and growth.

EXPERTISE

- Claims Data Utilization
- Market Analytics
- Service Line Growth
- Medical Staff Development Planning
- Provider Need
- Market Development Strategy

PROFESSIONAL EXPERIENCE

- Managing Director and Chief Strategy Officer at HSG Advisors.
- Provider of Claims Data Analytics market-level insights several hundred hospitals and health systems nationwide.
- Development of primary care and service line growth plans resulting in multi-million dollar increases in incremental service line and organizational revenues.

EDUCATION

- MBA, University of Utah David Eccles School of Business
- MHA, University of Utah David Eccles School of Business
- BS, Pre-Medicine w Business Minor, Brigham Young University

Presentation Overview

- **Mandate for Growth in 2024**
- **Key Metrics for Utilization in Service Line Strategy**
- **Questions and Discussion**

Mandate for Service Line Growth in 2024

Mandate for Service Line Growth in 2024

- Increasing competition for patient lives and increasing focus on the “value” of the “patient life”
  - Community hospitals face regional/tertiary pressure as health systems react to mandate for top-line growth – and progressively encroach on local markets
  - Non-health system-aligned entities (virtual/telehealth, retail, travel medicine, etc.) are impinging on local markets looking to disrupt historic competitive dynamics

- Provider supply constraints and expanded APP-centric care becoming increasingly common
  - Many markets have 25-30% of primary care physicians aging 65+ through the end of the decade
  - Incorporation of Advanced Practice Providers (APPs) into primary care delivery differs vastly from market-to-market and system-to-system

- Health Systems continue to contemplate how to best respond to historic Fee-for-Service incentives versus variable growth in value-based reimbursement
  - Hard to push clinical practice model transformation while incentives are split and margins are low
  - Markets move at different speeds due to differing payer pressures

Key Questions for Service Line Strategy

- What is our positioning in the outpatient and inpatient environment – what are our benchmarks for growth?
- Do we have capacity for growth?
- Do we lack capabilities within the service line?
- Are our resources accessible to the populations we want to serve?
- Where do our patients come from and how do we capture more?

Key Metrics for Utilization in Service Line Strategy

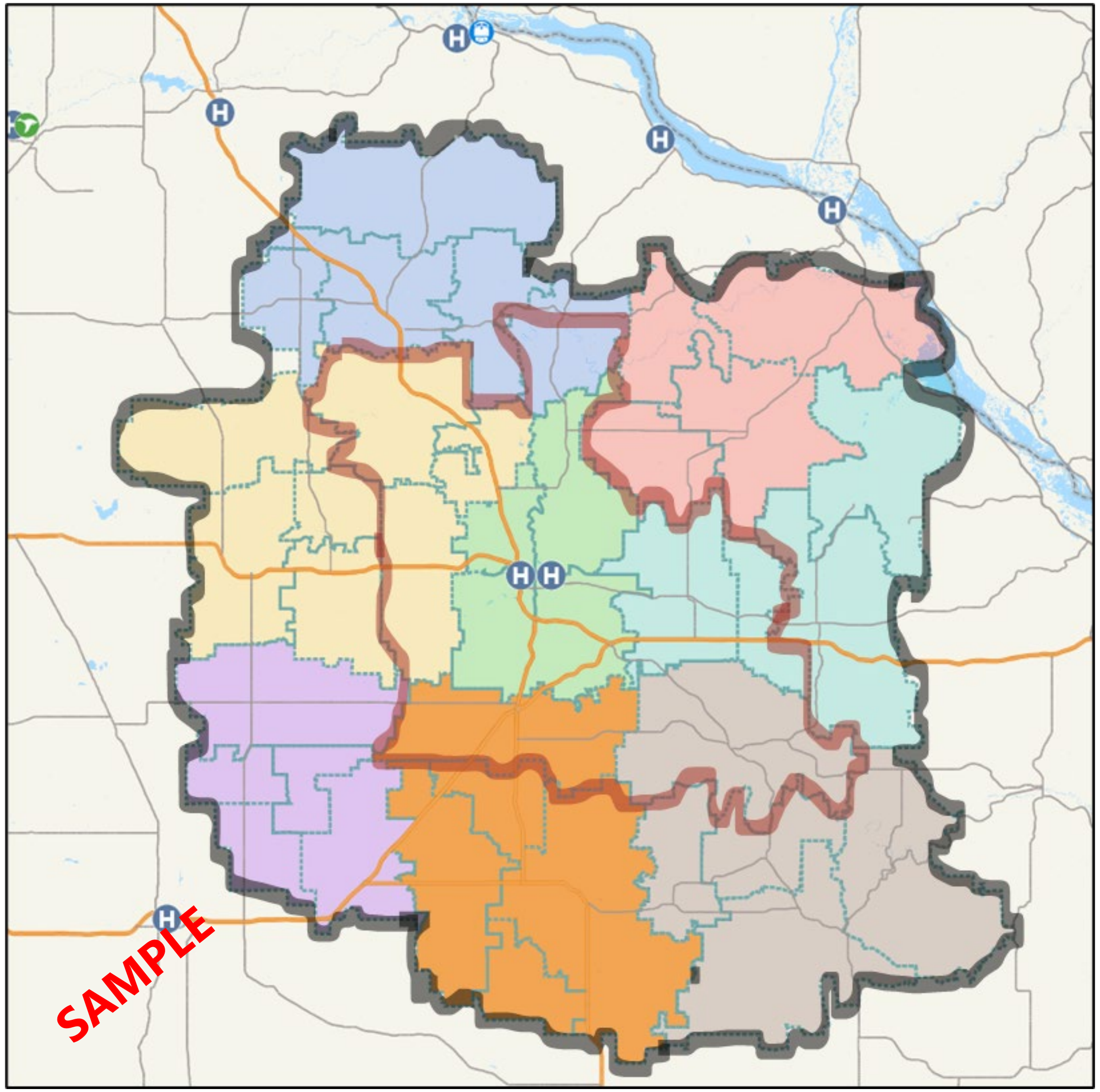
Service Line Growth Objectives Development
Considerations

- Subdividing Markets into Strategic Clusters
- Determining Service Line Market Share (both inpatient and outpatient) and Setting Targets for Growth
- Developing Targeted Provider Supply and Demand
    - Overall Market
    - Strategic Market(s)
- Integrating Existing Practice Capacity and Access
- Tying Service Line Strategy to Primary Care Growth and Market Penetration

Key Metrics for Utilization in Service Line Strategy

Subdividing Markets into Strategic Clusters

Identifying Growth Opportunities
Geographic Footprint



- Submarket Definitions should be based on:
  - Common Routes of Travel
  - Historic Penetration
  - Demographically-similar groups
  - Common Competitive Threats
  - Strategic Priority
- This allows for:
  - Targeted geographic footprint decision-making for access points and competitive action plans
  - Prioritization of opportunities

Broader Strategic Submarkets

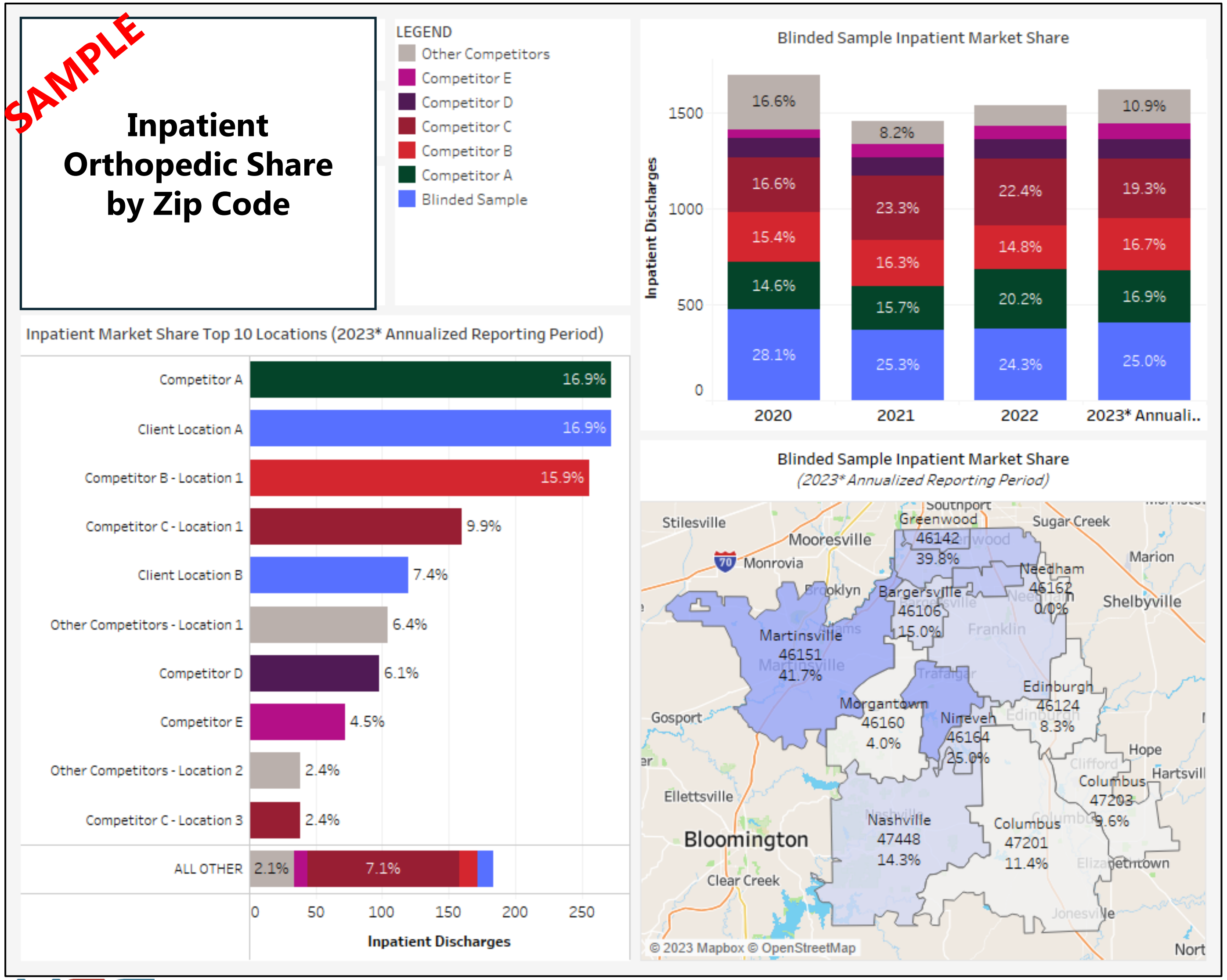
Central
Northeast
North
East
Southeast
Southwest
South
West

STARK III Market

Key Metrics for Utilization in Service Line Strategy

Determining Service Line Market Share

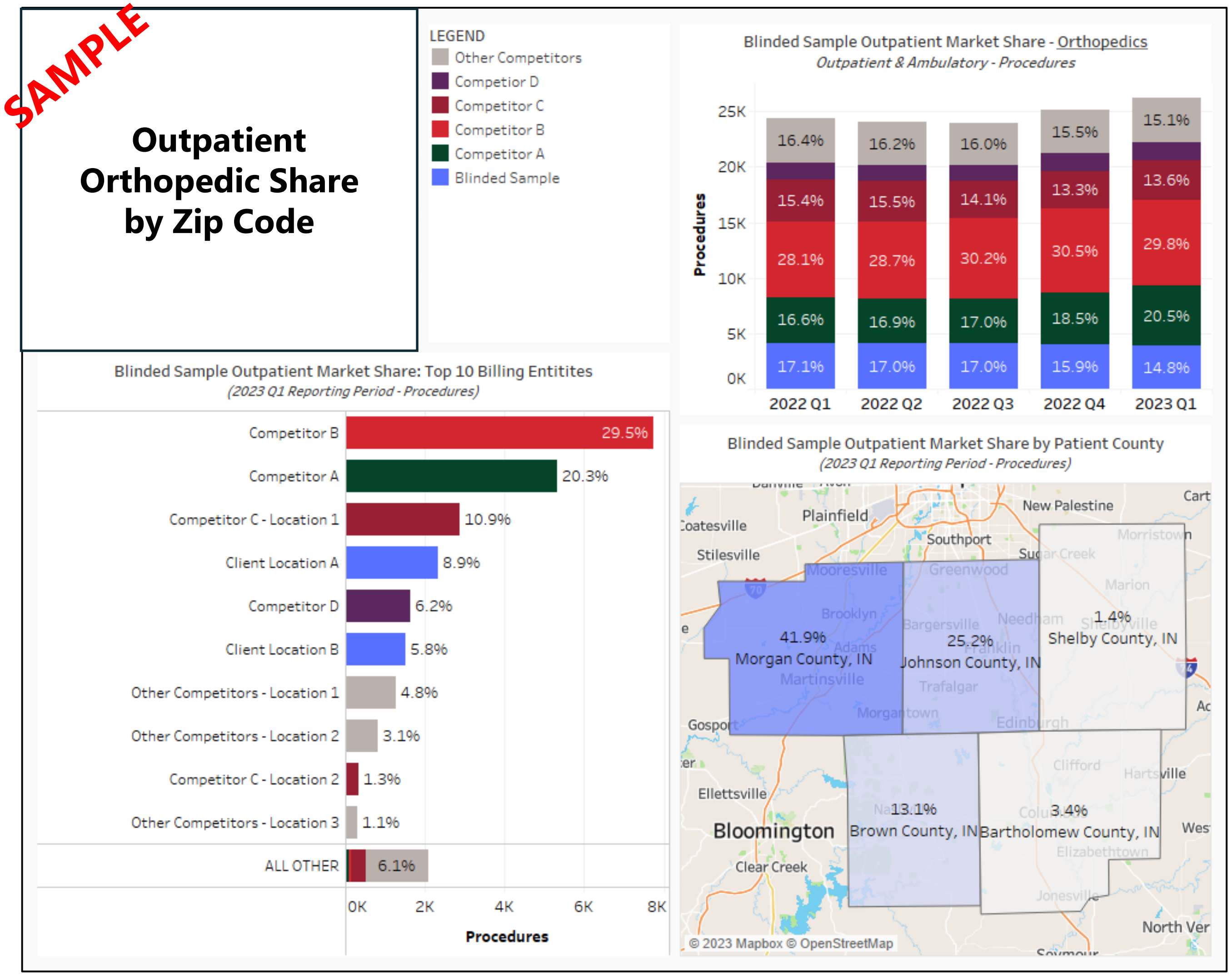
Market Positioning
*Understanding **Service Line Share (Inpatient Services)***



Definition – State-Level Market Share:
Inpatient (or subset thereof) market share defined at the Hospital and/or Health System level based on a subset of DRGs, ICD-10 coding, etc.

- State-Level Market Share incorporates state-level inpatient data to visualize overall market share, service line and subservice line market share, and geographic market share for inpatient services of all relevant service lines.
- **Common Utilization:** Hospitals and health systems of all sizes; focused on measuring performance and defining opportunities in the inpatient setting.

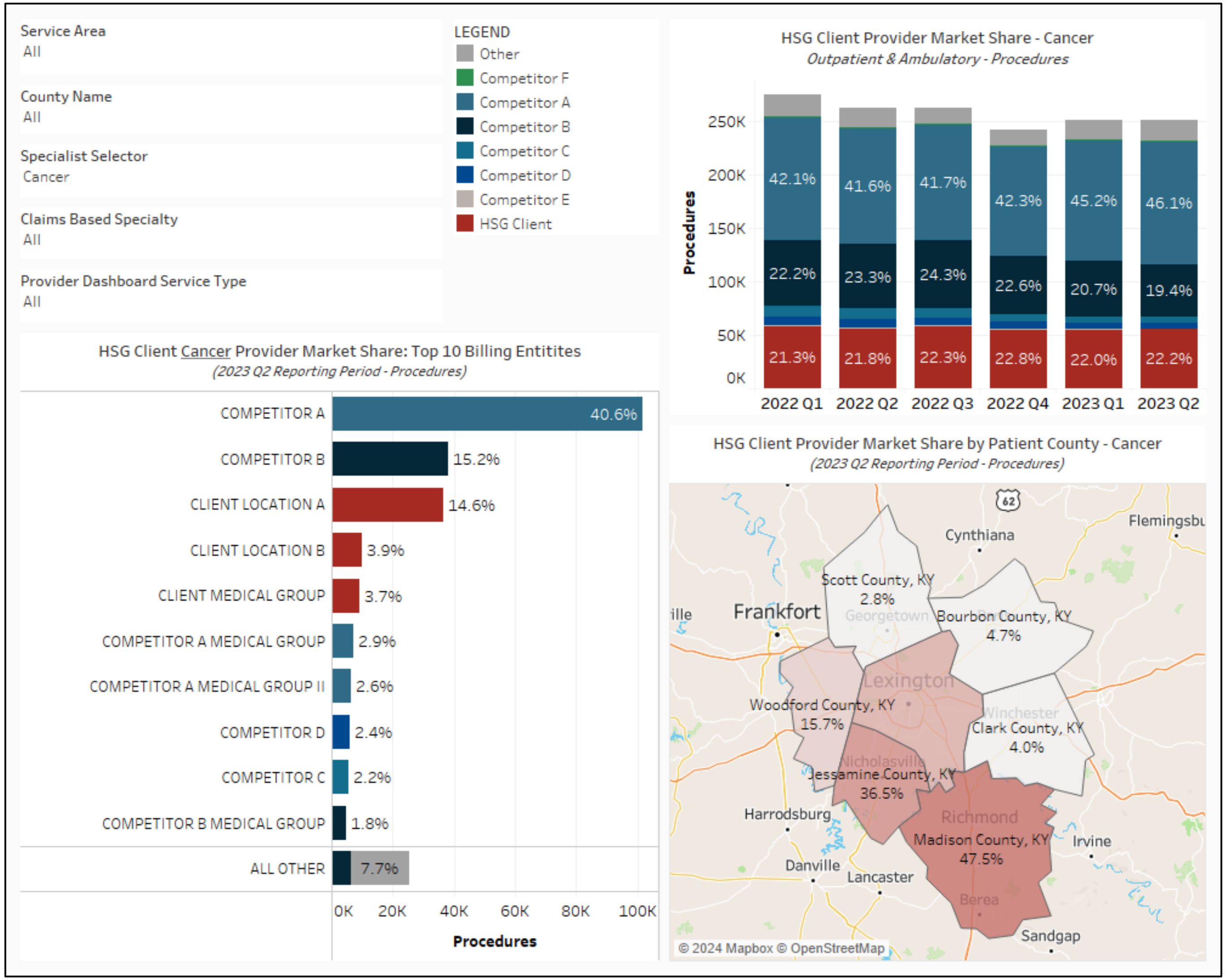
Market Positioning
*Understanding **Service Line Share (Outpatient Services)***



Definition – Outpatient and Ambulatory Market Share:
Outpatient, Ambulatory and Physician Office market share defined at the Provider Billing NPI level based on a subset of CPTs.

- Outpatient and Ambulatory Market Share evaluates health system overall market share, service line and subservice line market share, and geographic market share for professional and technical components of all relevant service lines.
- **Common Utilization:** Hospitals and health systems of all sizes; focused on measuring performance and defining opportunities in the outpatient and ambulatory setting as a corollary to IP Market Share data utilization.

Market Positioning
*Understanding **Provider Market Share (Outpatient Services)***



Definition – Provider Market Share: Outpatient, Ambulatory and Physician Office market share defined at the Provider Billing NPI level based on a subset of CPTs.

- Provider Market Share allows health systems to understand what percentage of a specialty's office visits, imaging/labs and/or procedures that practice provides within the market.
- **Common Utilization:** Measuring Office Visit Market Share for a given service line as a core metric of success – the more office visits we provide, the more opportunities to grow downstream market share

Market Positioning
*Understanding **Competitor Market Share (Outpatient Services)***

Sub Service Line	2022 Q3		2022 Q4		2023 Q1		2023 Q2		Share Difference
	Competitor A Share	Market Volumes	Competitor A Share	Market Volumes	Competitor A Share	Market Volumes	Competitor A Share	Market Volumes	
CV: Noninvasive	23.8%	59,659	25.9%	58,398	27.3%	60,161	27.8%	60,927	4.0%
CV: Imaging - Echo	29.4%	14,439	31.0%	14,162	31.4%	14,484	32.0%	14,466	2.6%
CV: Imaging - Ultrasound	26.1%	11,801	28.3%	11,404	29.1%	11,502	30.3%	11,383	4.2%
CV: Cardiac Rehab	15.1%	11,062	14.5%	11,622	14.0%	13,026	14.5%	13,561	-0.6%
CV: Electrophysiology	55.9%	6,166	62.0%	6,304	65.2%	6,548	67.2%	7,024	11.3%
CV: Imaging - Other	8.8%	3,155	8.3%	2,973	9.6%	3,053	10.7%	3,014	1.8%
CV: Vascular Surgery	22.7%	2,023	26.0%	1,778	29.4%	1,671	30.6%	1,570	7.8%
CV: Catheterization - Diagnostic	12.9%	1,779	14.2%	1,611	15.8%	1,553	17.0%	1,527	4.0%
CV: Catheterization - Interventional	36.5%	1,638	35.4%	1,548	33.9%	1,537	35.3%	1,560	-1.3%
CV: Imaging - CT	73.4%	474	75.4%	516	74.5%	538	79.6%	663	6.2%
CV: Imaging - MRI	92.8%	321	90.6%	341	92.1%	330	93.6%	326	0.7%
CV: Medical Cardiology Procedures	2.2%	365	2.5%	279	5.9%	202	11.9%	118	9.7%

Definition - Competitor Market Share: your competitors (health systems, non-aligned physician practices, other entities) market share for Outpatient and Ambulatory services in your market area.

- Evaluating **Competitor Market Share** allows for understanding how competitive health system and physician practices are growing (or not) within your market definitions
- Must be matched against your health system's market share to understand where our growth (or lack thereof) is coming from

Market Positioning
Comprehensive View (Inpatient, Outpatient, and Provider Share)

	Inpatient Market Share		Outpatient (HOPD & ASC) Market Share		Provider Markt Share	
	2022	2023	2022	2023	2022	2023
General Medicine	54.2%	54.0%	43.6%	43.5%	9.8%	11.2%
Orthopedics	52.7%	50.9%	39.3%	38.9%	18.9%	22.1%
General Surgery	58.2%	57.2%	53.6%	53.2%	47.6%	52.6%
Cardiac Services	66.4%	67.1%	52.9%	53.1%	29.1%	32.3%
Other OP Diagnostics			43.8%	44.0%	16.5%	18.7%
Spine	63.2%	61.6%	30.4%	31.6%	9.0%	10.4%
Cardiothoracic Surgery	57.4%	58.2%	77.0%	80.5%	15.0%	14.3%
Other OP Treatment/Procedures			5.4%	5.3%	15.0%	16.6%
Vascular Services	65.4%	66.7%	56.7%	56.9%	16.2%	17.1%
Urology	59.1%	59.1%	46.8%	45.5%	27.6%	30.2%
Neurology	60.1%	59.9%	0.0%	0.0%	19.4%	22.4%
Oncology/Hematology	61.0%	61.4%			39.2%	42.6%
Obstetrics	68.4%	68.4%	68.8%	71.2%	33.8%	40.4%
Neurosurgery	66.4%	65.2%	32.3%	31.4%	12.8%	12.4%
Neonatology	67.6%	67.6%				
Gynecology	60.3%	59.4%	63.0%	63.9%	36.1%	39.1%
Ophthalmology	78.7%	78.0%	2.5%	2.4%	0.1%	0.1%
ENT	60.2%	61.9%	27.4%	27.5%	8.6%	10.1%
Trauma	79.4%	78.4%	27.4%	27.3%	9.8%	10.7%

SAMPLE

- When inpatient, outpatient, and physician office share are compared relative to one another significant variance is easily identifiable.
- Misalignment in inpatient and outpatient share can lend itself to quickly identifying opportunities **that will provide the great return on the investment required for incremental service line growth.**

Key Metrics for Utilization in Service Line Strategy

Targeted Provider Supply and Demand

Demand and Capacity
Regionalizing Supply and Demand Data

- Provider Supply and Demand data **should be evaluated at the submarket level to identify gaps in care**
- Variation in need may be warranted, or may define incremental opportunity
- Has implications for **Access Point Development, Specialty Clinic strategies, and other facility placement decisions**

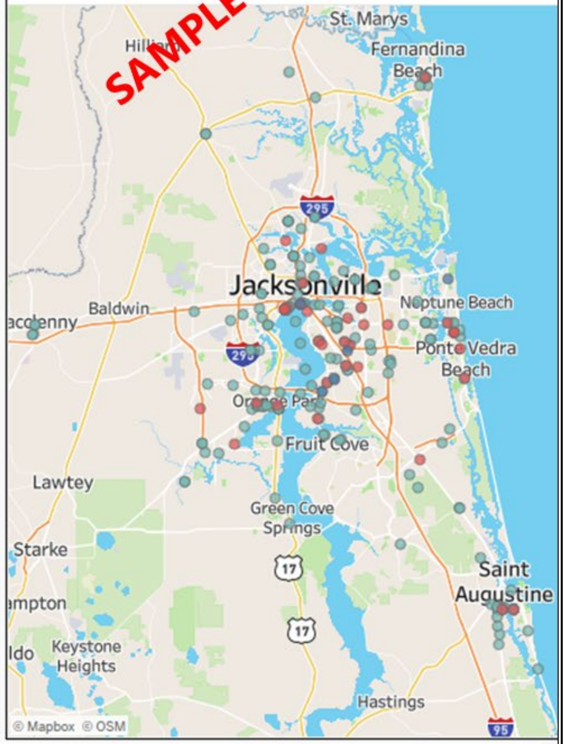
Facility	Service Area	Cluster	County	Zip Code
	Primary	(All)	(All)	(All)

Specialty Selector: Adult Primary Care

Provider Supply and Demand Details - By Cluster

	Demand	Physician Supply	Net Need - Physician Only	APP Supply	Net Need - Including APP
Central	248.9	201.6	47.4	35.8	11.5
North Expanded	115.4	67.0	48.5	18.9	29.6
East	145.0	105.2	39.8	14.8	25.0
North	105.3	38.5	66.9	10.9	56.0
South	171.1	118.4	52.7	21.5	31.2
South Expanded	54.9	48.7	6.2	1.6	4.7
West	49.9	10.0	39.9	6.2	33.7
Unassigned Zips	17.8		17.8		17.8
Grand Total	**908.3**	**589.3**	**319.1**	**109.6**	**209.5**

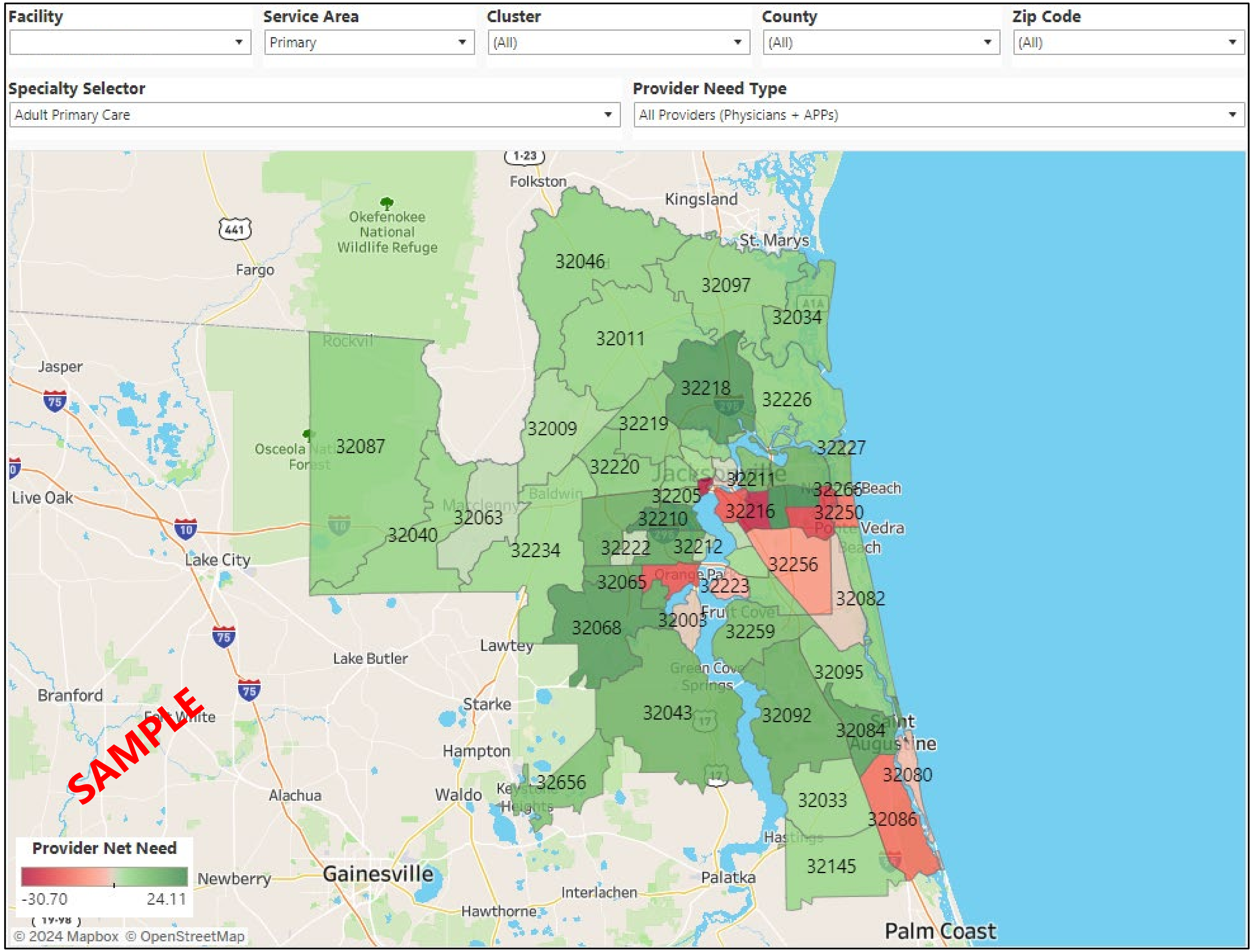
Provider Locations



Demand and Capacity
Regionalizing Supply and Demand Data

- Intensity of Adult Primary Care Need is **relatively high throughout market**

- However need varies by geography – historic concentrations of providers near hospital campuses creates opportunity for regionalizing geographic footprint



Key Metrics for Utilization in Service Line Strategy

Integrating Practice Capacity and Access

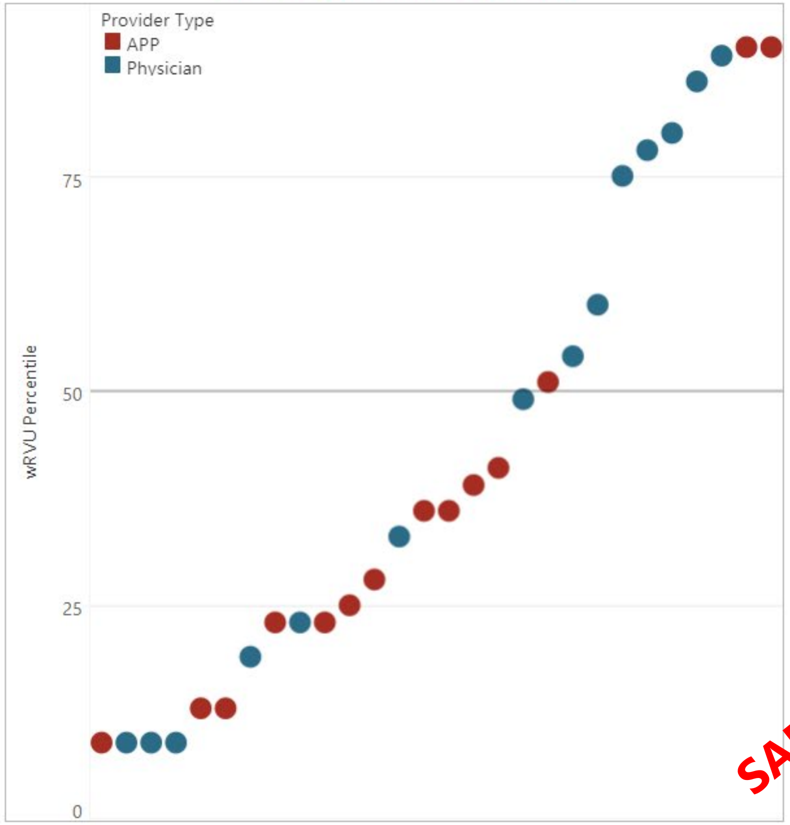
Demand and Capacity
Integrating Practice Capacity and Access

- Provider productivity is a reasonable proxy for evaluating existing capacity within the service line being evaluated.

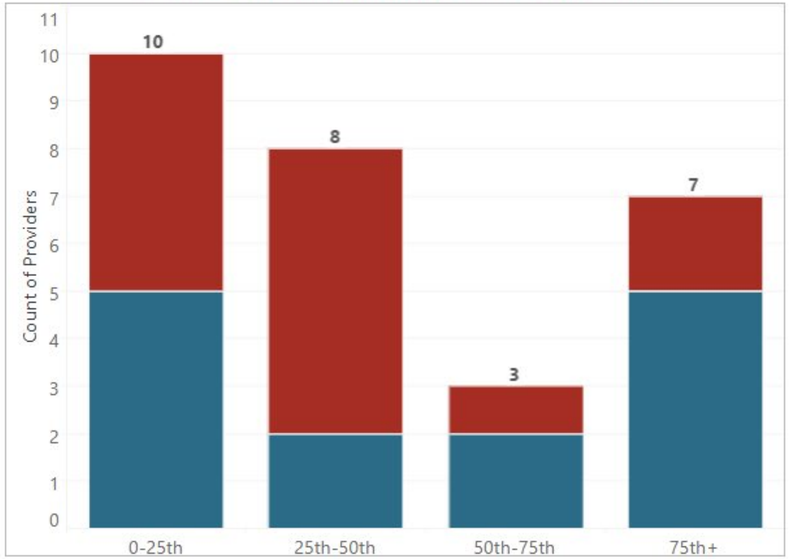
- Providers achieving 75th percentile productivity will likely have difficulty increasing access/capacity versus those below the 50th percentile

- This sample analysis indicates potential additional capacity for more than half of the listed providers – especially the APPs.

Productivity Percentiles by Provider



Number of Providers in Each Productivity Quartile



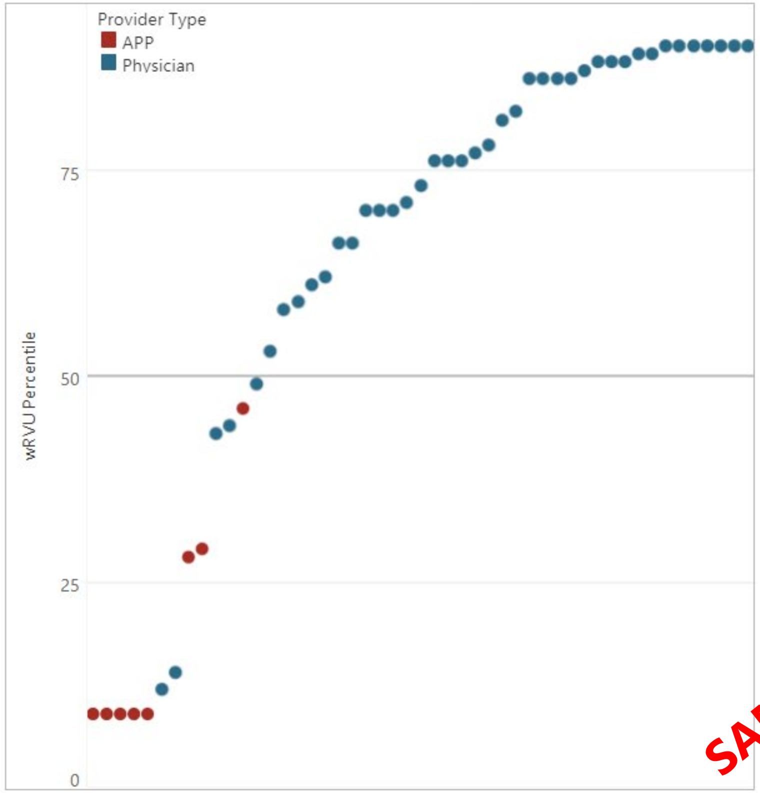
Provider Type	0-25th	25th-50th	50th-75th	75th+	Total
Physician	5	2	2	5	**14**
APP	5	6	1	2	**14**
Grand Total	**10**	**8**	**3**	**7**	**28**

SAMPLE

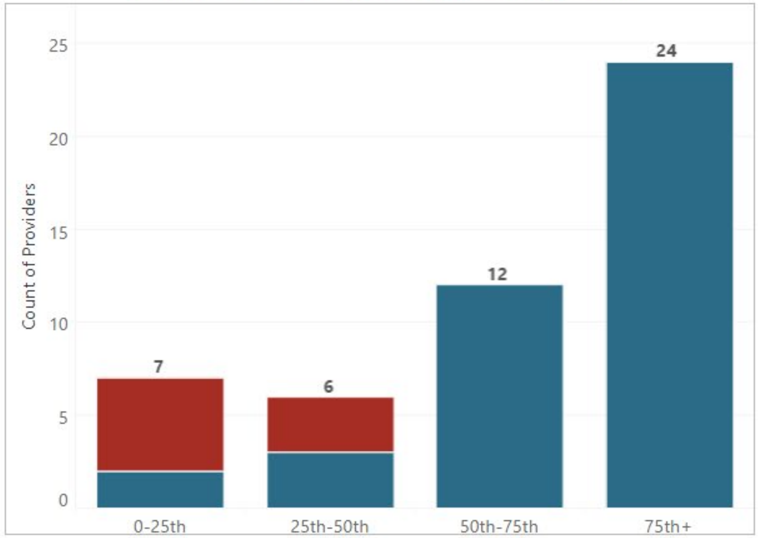
Demand and Capacity
Integrating Practice Capacity and Access

- … whereas this sample analysis indicates little additional capacity for existing providers and likely predicts access challenges – except for the APPs.
- … although reviewing APP utilization may be an opportunity for this group.

Productivity Percentiles by Provider



Number of Providers in Each Productivity Quartile



Provider Type	0-25th	25th-50th	50th-75th	75th+	Total
Physician	2	3	12	24	**41**
APP	5	3			**8**
Grand Total	**7**	**6**	**12**	**24**	**49**

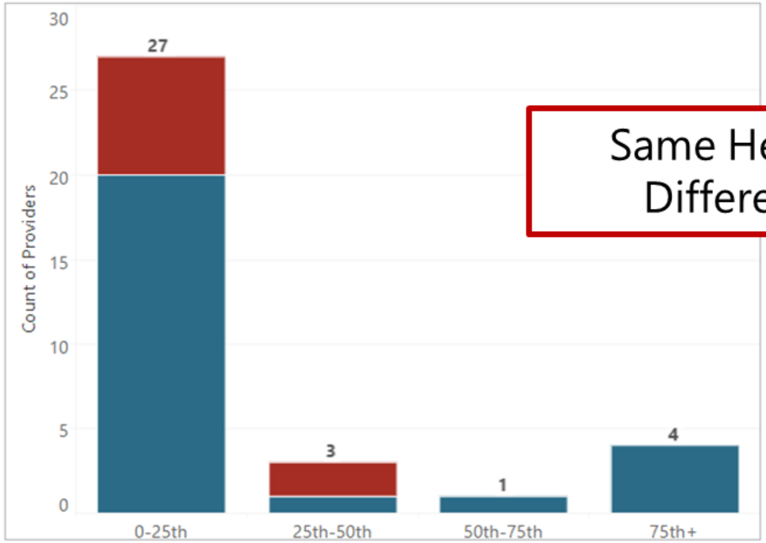
SAMPLE

Demand and Capacity
Integrating Practice Capacity and Access

- Frequently, opportunities to balance regional investment exist within an employed network.
- This network may be able to reallocate resources to more effectively meet demand.

Market A Primary Care

Number of Providers in Each Productivity Quartile



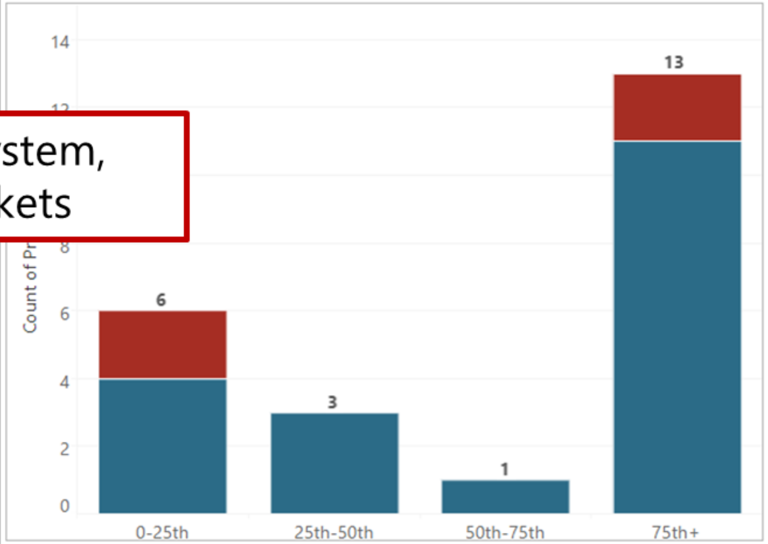
Provider Type	0-25th	25th-50th	50th-75th	75th+	Total
Physician	20	1	1	4	**26**
APP	7	2			**9**
Grand Total	**27**	**3**	**1**	**4**	**35**

Same Health System, Different Markets

SAMPLE

Market B Primary Care

Number of Providers in Each Productivity Quartile



Provider Type	0-25th	25th-50th	50th-75th	75th+	Total
Physician	4	3	1	11	**19**
APP	2			2	**4**
Grand Total	**6**	**3**	**1**	**13**	**23**

Demand and Capacity
Applying Productivity to Succession Planning Challenges

Median FTE Replacement
Median FTE Replacement is calculated by taking the provider's actual wRVUs divided by the specialty specific Median Benchmark for wRVUs. Grouped by Age Category.

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		Clinical FTE	Actual wRVUs	Median FTE Replacement
Physician	Age 60 or Less	101.0	671,199	130.8
	Age 60-64	8.0	65,209	12.6
	Age 65 or Greater	31.0	225,617	44.3
	Total	**140.0**	**962,025**	**187.7**
APP	Age 60 or Less	2.0	13,916	3.9
	Unknown	71.1	301,138	84.9
	Total	**73.1**	**315,054**	**88.8**
Total		**213.1**	**1,277,079**	**276.5**

- 28% of Adult Primary Care physicians over age 65
- 31.0 FTEs over 65 producing at a rate of 44.3 Median Primary Care physicians
- Must build organizational expectations that recruitment effort/resources will have to increase just to stay even with current state of Primary Care capture.

Key Metrics for Utilization in Service Line Strategy

Primary Care Patient Acquisition and Retention

Identifying Growth Opportunities

Primary Care is Key to Service Line Market Share Growth

- Primary care is going to drive specialty-specific service line growth
- Office Visit-based Market Share for Primary Care
  - Claims-based calculation
  - Office Visit E&Ms for all providers in market
- Office Visit Market Share provides an overview of the competitive landscape for primary care patients in the service area
- Understanding the **highest volume PCPs in the market can help prioritize service line alignment targets** (if independent)

HSG Advisors Outpatient Market Share by Billing Entity - All Services Rendered by Selected Specialist

	2019		2020		2021		2022 Q1		2022 Q2		2022 Q3	
	% of Total	Display Metric	% of Total	Display Metric	% of Total	Display Metric	% of Total	Display Metric	% of Total	Display Metric	% of Total	Display Metric
COMMUNITY MEDICAL ASSOCIATES INC	28.5%	139,059	30.5%	129,542	31.0%	144,765	30.1%	136,048	28.7%	125,496	27.5%	115,659
BAPTIST HEALTH MEDICAL GROUP INC	12.7%	62,109	14.7%	62,647	16.8%	78,682	17.3%	78,120	17.5%	76,461	17.6%	73,843
ULP FAMILY MEDICINE	1.7%	8,108	6.2%	26,522	5.9%	27,517	6.2%	27,958	6.4%	28,113	6.7%	28,218
THE BETHANY CIRCLE OF KINGS DAUGHTERS HEALT..	2.5%	12,433	2.6%	10,963	2.6%	12,247	2.6%	11,652	2.5%	11,105	2.5%	10,606
ULRF FAMILY MEDICINE CARDINAL STATION	0.2%	763	1.2%	5,153	2.8%	13,263	3.1%	14,048	3.3%	14,499	3.5%	14,862
BULLITT COUNTY FAMILY PRACTITIONERS PSC	3.1%	14,920	2.7%	11,638	2.1%	9,764	2.0%	8,843	2.0%	8,713	2.0%	8,349
BCHS	1.2%	5,734	1.2%	5,204	2.5%	11,542	2.7%	12,229	2.8%	12,122	2.7%	11,329
CENTRAL MEDICAL ASSOCIATES PLLC	2.0%	9,521	2.1%	9,090	2.2%	10,146	2.1%	9,536	2.2%	9,643	2.3%	9,481
RHN CLARK MEMORIAL PHYSICIAN PRACTICES LLC	1.4%	6,682	1.5%	6,437	1.6%	7,309	1.6%	7,355	1.7%	7,322	1.7%	7,154
AMERICAN HEALTH NETWORK OF INDIANA LLC	1.7%	8,046	1.3%	5,595	1.4%	6,752	1.5%	6,726	1.4%	6,301	1.6%	6,548
ALL OTHER	45.2%	220,258	35.8%	152,302	31.1%	145,131	31.0%	140,174	31.4%	137,108	31.9%	133,845

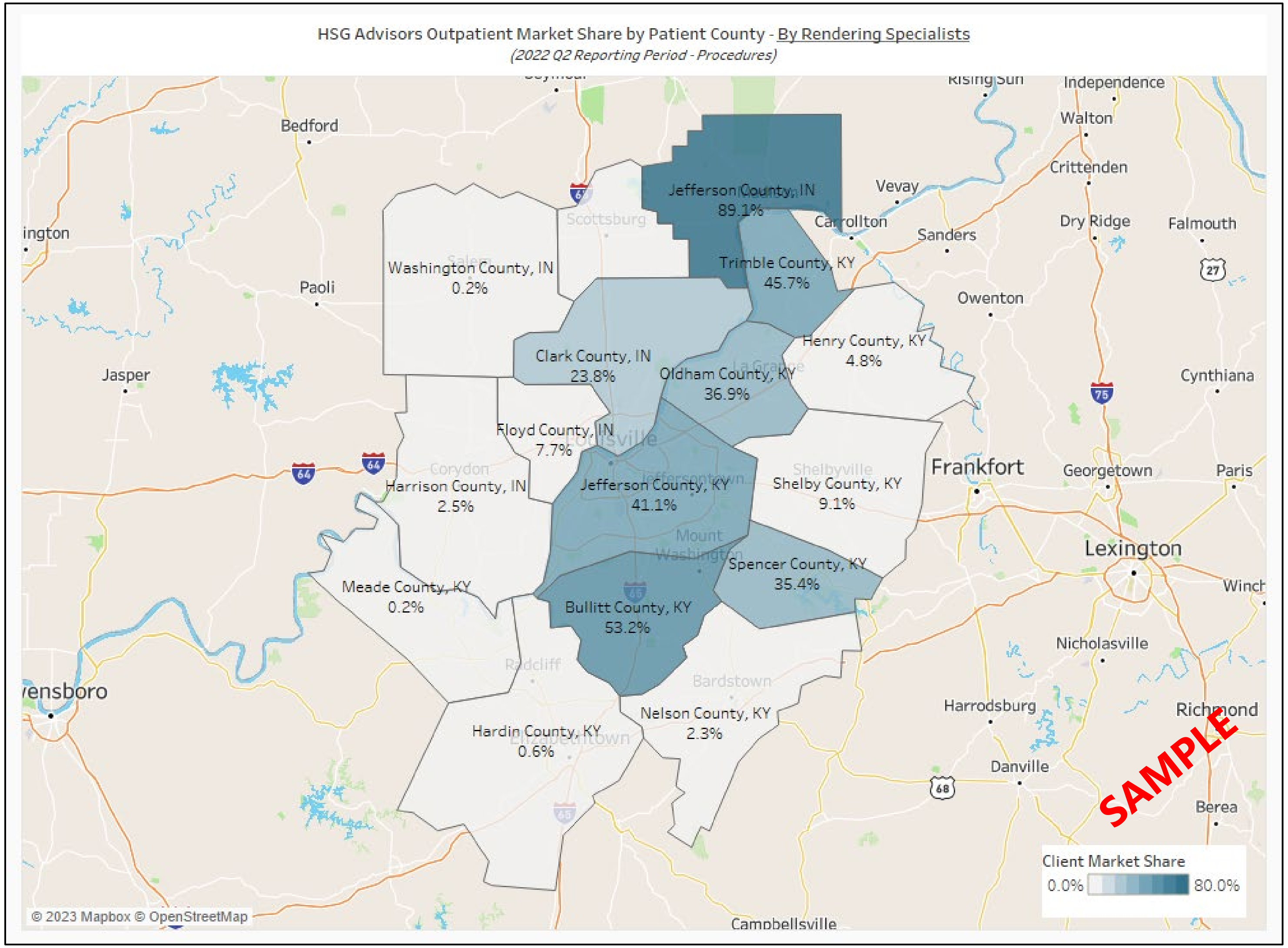
HSG Advisors Outpatient Market Share by Provider - All Services Rendered by Selected Specialist

	2019		2020		2021		2022 Q1		2022 Q2		2022 Q3	
	% of Total	Display Metric	% of Total	Display Metric	% of Total	Display Metric	% of Total	Display Metric	% of Total	Display Metric	% of Total	Display Metric
MOHANA ARLA	2.1%	10,049	2.0%	8,582	1.7%	7,873	1.5%	6,614	1.5%	6,335	1.5%	6,164
JAWED MOVANIA	0.7%	3,623	0.8%	3,393	0.8%	3,848	0.8%	3,622	0.8%	3,533	0.8%	3,366
YASSIN KHATTAB	0.5%	2,346	0.6%	2,348	0.6%	2,837	0.6%	2,827	0.7%	3,151	0.7%	2,924
TERRENCE DONOHUE	0.6%	2,845	0.6%	2,657	0.7%	3,141	0.6%	2,805	0.6%	2,551	0.5%	2,279
MUJAHID NASIR	0.6%	3,014	0.6%	2,468	0.6%	2,671	0.6%	2,633	0.6%	2,661	0.6%	2,558
JOSEPH BEAVEN	0.5%	2,397	0.6%	2,646	0.7%	3,357	0.5%	2,454	0.4%	1,815	0.3%	1,377
STEVEN GOLDSTEIN	0.6%	2,728	0.6%	2,450	0.6%	2,587	0.5%	2,256	0.4%	1,928	0.4%	[illegible]
JOHN SNELL	0.6%	2,813	0.6%	2,374	0.5%	2,557	0.5%	2,266	0.4%	1,900	0.4%	1,663
DAVID OVERLEY	0.5%	2,439	0.6%	2,418	0.5%	2,569	0.5%	2,261	0.4%	1,959	[illegible]	1,762
PLAVAKEERTHI KEMPARAJURS	0.6%	2,925	0.6%	2,460	0.4%	2,053	0.4%	2,025	0.5%	2,045	0.4%	1,839
ALL OTHER	92.8%	452,454	92.5%	393,297	92.8%	433,625	93.4%	422,926	93.6%	409,005	93.9%	394,285

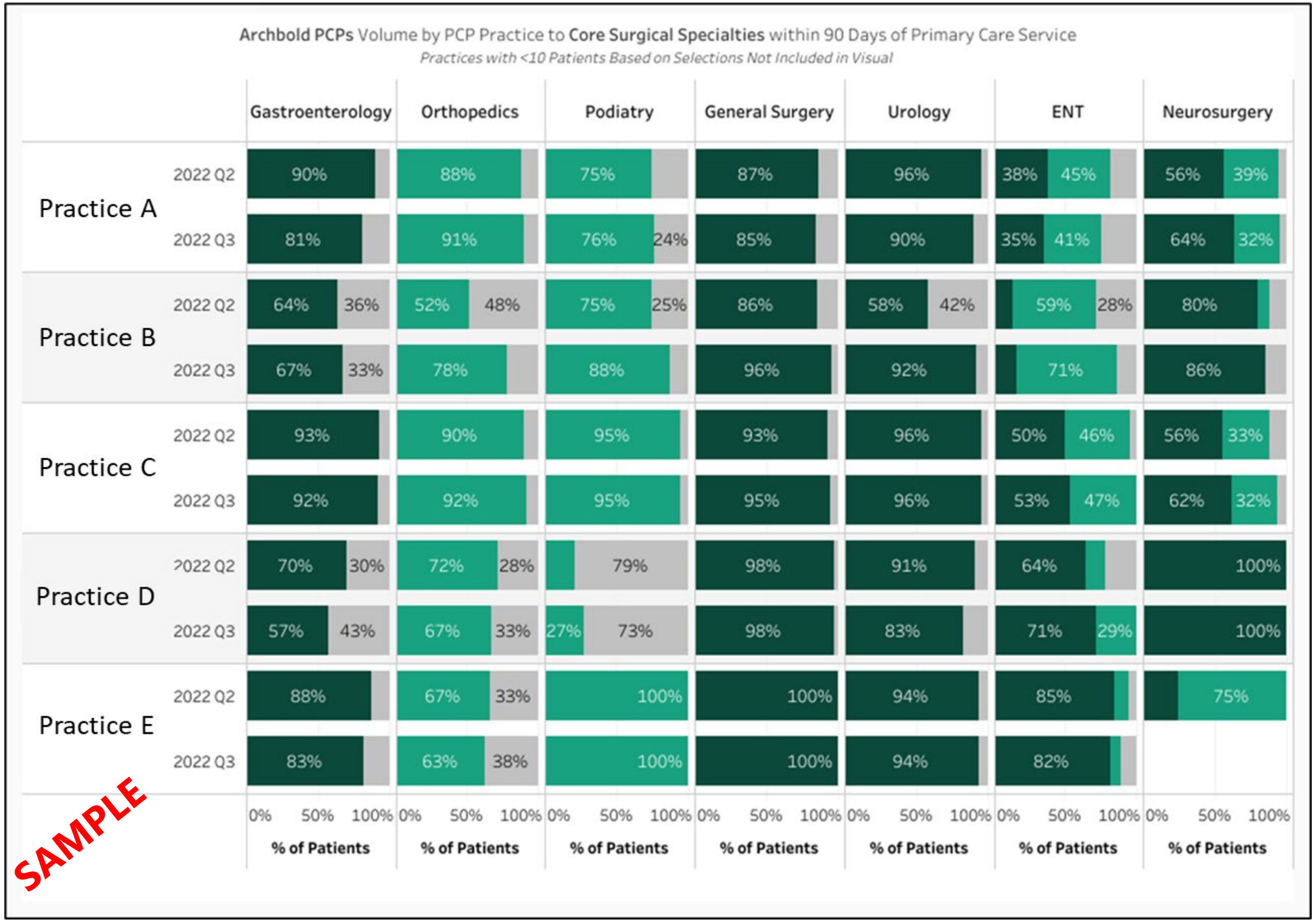
SAMPLE

Identifying Growth Opportunities
Understanding Office Visit Current Share by Market Area

- Office Visit Market Share provides direction on how well our provider resources are penetrating the primary care market
- Setting targets for growth can inform needs for PCP presence to support service line targets
  - Utilize existing capacity
  - Grow footprint



Identifying Growth Opportunities
Patient Retention – Practice Level



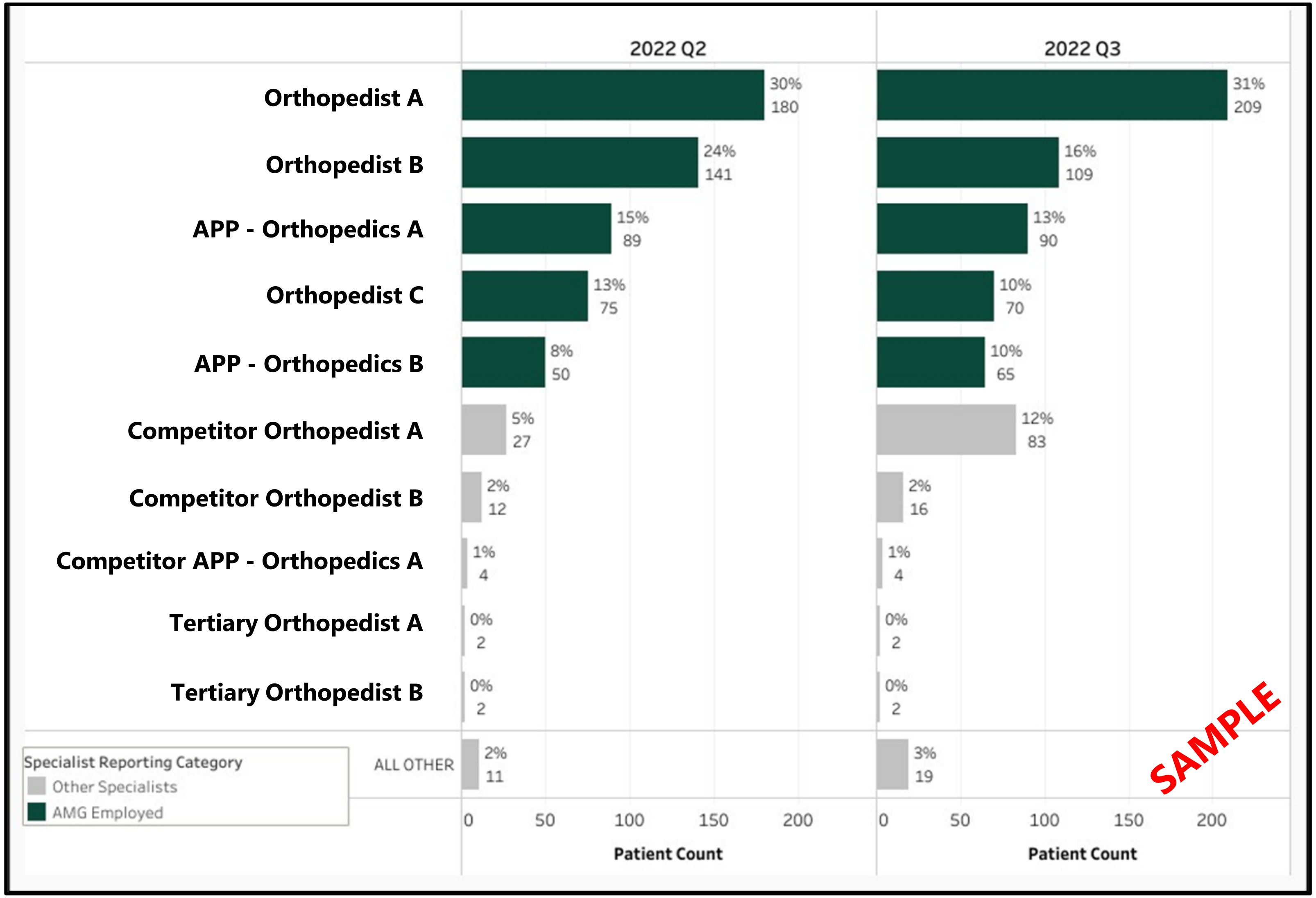
- Measuring patient retention over time, by practice and specialty, allows for evaluation of **current service line opportunities and variation by practice.**

Identifying Growth Opportunities
Patient Retention – Provider Level

- Taking patient retention down to the provider level allows for individual provider measurements; to determine **warranted and unwarranted variation by provider to determine provider specific opportunities for growth.**

Identifying Growth Opportunities
Patient Retention – Specialty Specific Opportunities

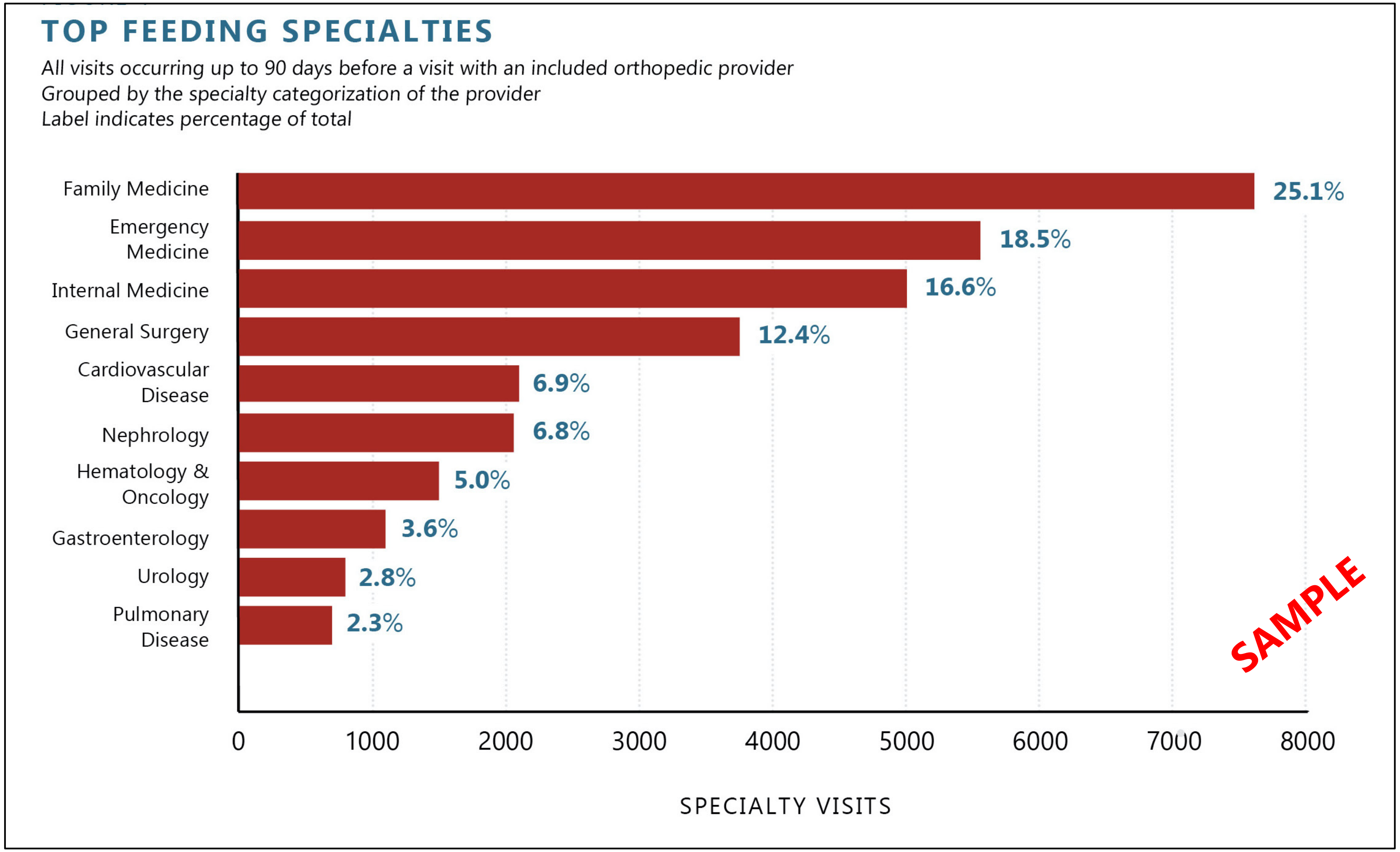
- Lastly, determining where patients ultimately receive their specialty care services, if not within our specialty network, **is critical to identify opportunities for incremental patient capture within our own network.**



Identifying Growth Opportunities
Incremental Access Points for Patient Growth – Aligned Providers

- The lowest hanging fruit for attracting new patients into your system is by **aligning with physicians and APPs that already share patients with your network providers.**

- Utilizing claims-based data can identify specialists and providers that are already aligned with your specialty-care providers.



Identifying Growth Opportunities
Incremental Access Points for Patient Growth

Emergency Department Patients

Moderately Loyal Patient Population

Typically fall into two distinct categories:

1) Patients with true emergent needs
2) Patients that are unsure of the appropriate site of service for their healthcare needs

Each category requires a distinct process for patient retention

Immediate / Urgent Care Patients

Least Loyal Patient Population

Traditionally the most educated healthcare utilizers and most likely to shop around for healthcare services.

Patient education should happen while in the center and include:

Provider Capabilities, Pricing Transparency, Service Offerings, Other Access Points

Conclusions

Conclusions

- Service line growth evaluation needs to be 3-pronged
  - Comprehensively evaluate the current state of the service line
  - Identify internal opportunities for growth (service development, access capacity, network keepage opportunities)
  - Look externally for growth opportunities (provider alignment, market growth, incremental access points)
- Decisions regarding service line strategic growth can, and should, be data driven
- Metrics utilized for service line growth objectives needs to be measurable and repeatable to track ROI.
  - Quarterly updates of metrics will keep consistent pulse on achieving growth targets

HSG Overview

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.

Headquarters: Louisville, KY
Formed: 1999

HSG EMPLOYED PROVIDER NETWORKS

Improve your financial and quality performance and overall Operational Excellence by building a Shared Vision and developing strong organizational, leadership, and governance support structures.

HSG STRATEGY

Define strategic goals and direction for your health systems' long-term growth plans that allows for the simultaneous pursuit of immediate market opportunities, focused on growth strategies and Medical Staff Development Planning.

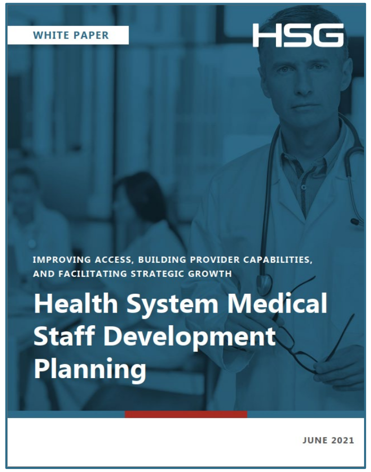
HSG COMPENSATION AND COMPLIANCE

Develop sustainable provider compensation solutions to achieve market competitiveness, financial sustainability, and regulatory compliance through compensation model development and implementation.

HSG CLAIMS DATA ANALYTICS

Evaluate competitive dynamics within markets, service lines, providers and patients based on all-player healthcare claims data analysis and HSG insights and expertise.

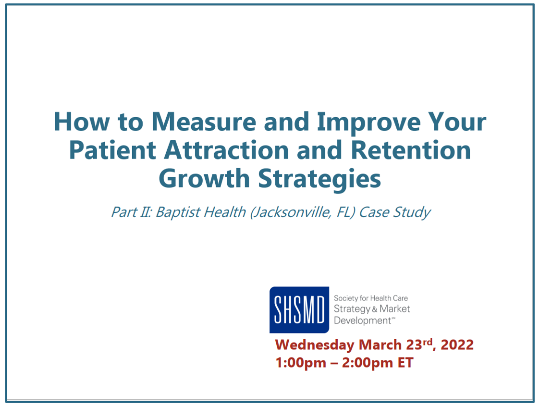
Service Line Strategy
Additional Resources



SHSMD
Health System Medical Staff Development Planning

SHSMD
Patient Share of Care:
Measuring Patient Brand Loyalty

Clinical Practice Transformation:
Fundamental Philosophies



SHSMD
How to Measure and Improve Your Patient Attraction and Retention Growth Strategies

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