Background

As more physicians are converting to employed status (greater than 70% in 2015), according to recent surveys, hospitals and physician organizations are struggling to optimize their practices to ensure that they are positioned to respond to the changing payment marketplace. Value based reimbursement methods are pushing practices to prove that they can provide better care at reduced cost. This is difficult under the traditional operational models where few, if any, incentives exist to practice efficiently.

One of the most significant barriers to meeting the Triple Aim (Better Health, Better Care, and Lower Cost) is that, typically, hospitals and physicians often do not view the path to success the same way. Organizationally, they tend to operate in parallel rather than as a unified force. Quite often, the governance model for the practices furthers this disconnection. Physician practices and employed groups are often structured similarly to hospital departments with physicians and mid level providers “reporting” to a practice manager/department head. Under structures such as these, physicians are often perceived as “just” employees and outside of the historical medical staff governance models. This approach tends to breed discontentment among the providers, diminishes their autonomy, and weakens the bond between hospital and physician.

Designing an appropriate practice governance structure that promotes commonality and alignment of goals is critical to supporting the transition to value based reimbursement. A successful relationship is one where the providers and the hospital openly agree on the targets, metrics, and incentives that will boost the success of the overall institution. To achieve this type of relationship, the affiliated practices need three things:

- **Voice**
- **Transparency**
- **Accountability**

**Voice**

It is critical for the physicians to have a mechanism that allows them to fully participate in the development of the strategic direction of the overall institution. For example, what types of providers are most important to recruit? How do we allocate limited capital to best further our overall goals? Why does “that guy” get what he wants when I can’t? How best do we organize our practices to operate as efficiently as possible? How can we improve the overall health status of the community most effectively?

**Transparency**

Many employed providers never get to see or understand the financial implications of their practice patterns. Practice and financial management is not often part of a physician’s training, nor are hospitals typically forthcoming with financial and operational data.
To fully ensure that the providers and the hospital are moving together down a strategic path, a thorough, mutual, understanding of practice operations is necessary. Complicating matters are the seemingly unending changes to regulations, coding, Meaningful Use, risk sharing, ACO’s, and so forth. Providers need to understand the full costs of providing service; overhead, staffing, timely charge capture, revenue cycle, bad debt, and throughput. In return, the providers deserve to know their overall value to the institution, e.g., what income do they generate, are how they are contributing to the provision of high quality care and customer service.

Creation of a governance structure that promotes two-way sharing of operational data, builds trust, and vests the providers in the management of the enterprise beyond their own clinical care thus becomes more important.

**Accountability**

Most employed physicians do not have ready mechanisms to allow them to hold their peers accountable to the group and to each other. Developing and sharing practice performance benchmarks, on both a group and individual level, can provide an internal incentive to improve operations and efficiency. Common benchmarks can include:

- Patient satisfaction scores
- Production statistics (wRVU’s)
- Quality metrics (NCQA, SCIP, Screening exam rates)
- Timely record completion
- EMR usage
- Denial management
- Many more

Standardizing compensation models with group incentives for the practitioners to allocate can also assist with alignment. Allowing the providers to determine how to split an incentive pot based on group quality or performance metrics will encourage commonality among the group, can lead to efficiencies of scale, and enhanced population health.

Ultimately, designing an operational governance model that moves the practitioners from a collection of individuals sharing clinic space to a unified group structure can help prepare the hospital based practices for value-based reimbursement. Using tools like these can help practices demonstrate that they provide better care at lower cost, meeting the goals of the Triple Aim.
**Practice Governance Assessment**

HealthTech Management Services offers Practice Governance Assessments for any size physician practice. The assessment process includes:

- Onsite interviews of clinicians, hospital and practice administrative staff
- Document review to include; physician compensation models, business level contract structures, and existing Medical Staff Bylaws
- Governance alignment modeling and structural recommendations
- Practice financial and operational reporting review
- Dashboard development
- Education for administration, physicians and boards
- Written final assessment report
- Onsite six (6) and twelve (12) month post assessment follow up reviews

**Practice Management Services**

HealthTech can assist organizations by improving the integration of these practices into the health system structure, stemming financial losses, improving operational performance and enhancing patient access to services.

**Our offered services include:**

**Physician Practice and Clinic Assessments**
- Onsite evaluations of clinic operations to include:
  - Staffing productivity with benchmarks
  - Provider productivity with benchmarks
  - Patient Access modeling and scheduling
  - Business and clinical operational workflow analysis
- Physician compensation review (business level review of compensation models)
- Implementation Services

**Educational Services**
- Board and Medical Staff presentations:
  - Getting Your Employed Physician Practices to Fly
  - Do You Really Have a Group Practice?
  - Designing an Equitable Physician Compensation Plan
  - Hospital Based Physician Practices and Revenue Cycle
  - The Future of Rural Healthcare