



# PROTECTING YOUR INVESTMENT IN EMPLOYED PROVIDERS



## INTRODUCTION

For over 25 years, health systems have invested in employed physician practices to varying degrees. Recently, we've begun to see a significant shift toward this trend with the percentage of hospital-employed practices on the incline,

increasing by  
**more than 70%**  
from 2012-2018

according to the [Physician's Advocacy Institute](#). Though not a brand-new phenomenon, what has changed is how these employed providers are managed in light of the healthcare industry's stronger focus on using technology and quality metrics to achieve financial goals.

According to a [recent Advisory Board survey](#), the top priority of hospital and health system CEOs has shifted to revenue growth and leaning on providers as a critical part of margin management initiatives. An employed provider model often costs health systems an average annual loss of [\\$250k per employed physician](#). While there are very good reasons to make this investment, you need to effectively manage employed practices in order to maximize the return. According to [Health Affairs](#), economists estimate that if health system productivity increased by 4%, the cost problem would be solved—and much of that productivity change can be driven by providers.

In this white paper, we will discuss primary concerns and benefits for health systems with employed provider models, with key takeaways for hospital leaders such as:

- How to define the ideal profile of employed physicians in your facility or system
- What opportunities and issues accompany the hospital-employed provider model—and how to understand and address them
- How to manage in a way that positively impacts performance and productivity
- Ways to attain desired performance through critical success factors

The decision to employ providers does not lead to productivity or success on its own, but making small changes in the way you manage those providers can spur meaningful, sustainable shifts in your system and favorably impact your community.

## IDEAL PROVIDER PROFILE



Before starting to make any changes, it can be useful to identify the ideal profile of providers in your facility or system so the providers and hospital leadership are aligned in the goals they are pursuing and the expectations they have. While this might seem like a task for your Human Resources department, it is imperative that system leaders are invested and involved in navigating the course for such a large and influential group of employees.

While the specifics will vary from one hospital or system to another, there are a few critical pieces of the ideal physician criteria that transcend factors like region, facility size, or case mix.

No matter what, you want to ensure you are hiring and cultivating providers who are:

- Committed to creating exceptional experiences and outcomes for patients
- Involved in system/facility decision-making processes
- Respectful of, and work well with, their fellow employees, including nurse practitioners, physician assistants, nurses, and providers from other departments or specialties
- Motivated to innovate, exceed goals, learn new technologies, continue learning, and step into leadership spaces
- Invested in the culture and eager to help facilitate the ongoing growth and development of it
- Fiscally knowledgeable and responsible

While the training, attitude, and experience of your providers plays a huge role in determining whether or not they meet this criteria, the burden isn't all on the employee. As a leader, it's your job to build and support an environment that empowers providers with the confidence, training, and tools they need to perform optimally and enhance productivity.

# FOUNDATION OF A WELL-MANAGED & HEALTHY CULTURE



In order to build this type of culture, hospital leaders have to appreciate how and why the trend of provider employment is developing and changing the healthcare landscape.

Leadership must tune in to why providers are interested in this model, be ready to work through the concerns they have about it, and be prepared to address both. Without first understanding the different perspectives and goals that

each group brings to the table, you won't be able to engage effectively.

In the graphic below, you'll find the common opportunities and concerns felt by providers and health systems/hospitals with this model. Once you get feedback from your own stakeholders, you can build out a similar chart to help organize the information and guide your next steps.

		OPPORTUNITIES	CONCERNS
<b>PROVIDERS</b>		<ul style="list-style-type: none"> <li>• Work/life balance</li> <li>• Ability to play a broader, more diverse role across the continuum of care</li> <li>• Lighter administrative responsibilities/ more time to practice medicine</li> <li>• Comprehensive compensation &amp; benefits packages</li> <li>• Long-term collaboration with both clinicians and administrators</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of autonomy</li> <li>• Inability to voice ideas or issues</li> <li>• Lack of direction/clarity</li> <li>• Dissatisfaction with facility/system management</li> <li>• Complex new technology/processes to learn</li> <li>• More specific performance expectations and monitoring</li> </ul>
<b>HEALTH SYSTEMS/ HOSPITALS</b>		<ul style="list-style-type: none"> <li>• Downstream revenue/reduced patient leakage</li> <li>• Reliable, consistent schedule of providers</li> <li>• High continuity &amp; consistency of care</li> <li>• Deep community connection</li> <li>• Loyal, satisfied patients</li> <li>• Support for value-based care initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Low provider engagement/ involvement</li> <li>• High costs (both time and money)</li> <li>• Lack of sufficient provider management knowledge/experience</li> <li>• Ineffective/insufficient tools to measure and monitor important provider metrics</li> </ul>

When the employment model is managed correctly, the opportunities outweigh the concerns. Providers can have more innovative, fulfilling careers while health systems and hospitals can comprehensively serve their patient communities. In order to capitalize on the benefits and solve the challenges of both health systems and providers, leaders have to move beyond just understanding – and start acting. Depending on the hospital or system, this action can be entirely driven by internal leadership or can involve direction from external practice management partners. If you find a collaborative, committed partner to work with, it can be extremely valuable to lean on the experience and objective view of an external team that specializes in provider practice management.

# PRIMARY ACTION AREAS (PERFORMANCE INDICATORS)

Regardless of what direction you take, there are three primary action areas that are imperative to



**building the culture you want, keeping the providers you need, and satisfying the patients you serve.**

These action areas also serve as performance indicators; by measuring the impact, you can track success over time and see how you're progressing.

## 1: PROVIDER PERFORMANCE

The overall performance of individual providers is crucial to focus on, because providers require different types of engagement and evaluation than other clinicians and hospital employees. To manage them effectively, leaders need to:

- Have enough specialty-specific expertise to select appropriate metrics and goals for reducing clinical variation and ensuring consistent experiences for patients

- Build a quality committee structure to establish evidence-based practice requirements and ensure they are followed
- Engage providers in ongoing, continuous training on effective clinical documentation and give unblinded, real-time feedback
- Match financial incentives to provider goals (which should map up to institution- or system-wide goals)
- Create an open forum for interactive, two-way dialogue to both gain thoughts and feedback from providers and give meaningful guidance back to them

## 2: PRODUCTIVITY

Providers are highly talented and in high demand, so in order to maximize their value and keep them fulfilled in their work, leaders need to look closely at productivity. This includes taking steps to:

- Establish an appropriate mix of metrics to capture all relevant information (e.g. level of acuity, average RVUs, etc.)
- Be forward-thinking with the types of clinicians that compose care teams (e.g. use of nurse practitioners and physician assistants)
- Insist on collaboration between providers, as well as with both clinical and nonclinical hospital staff

- Provide ongoing education on best practice communication and interaction tactics
- Involve providers in conversations about how time is being spent, where valuable minutes are being wasted, and what steps to take to change inefficient patterns

### 3: PROGRAM PERFORMANCE

In this final action area, leaders need to zoom out from individual provider metrics and look at performance more broadly. You can slice this many ways, but we recommend working to:

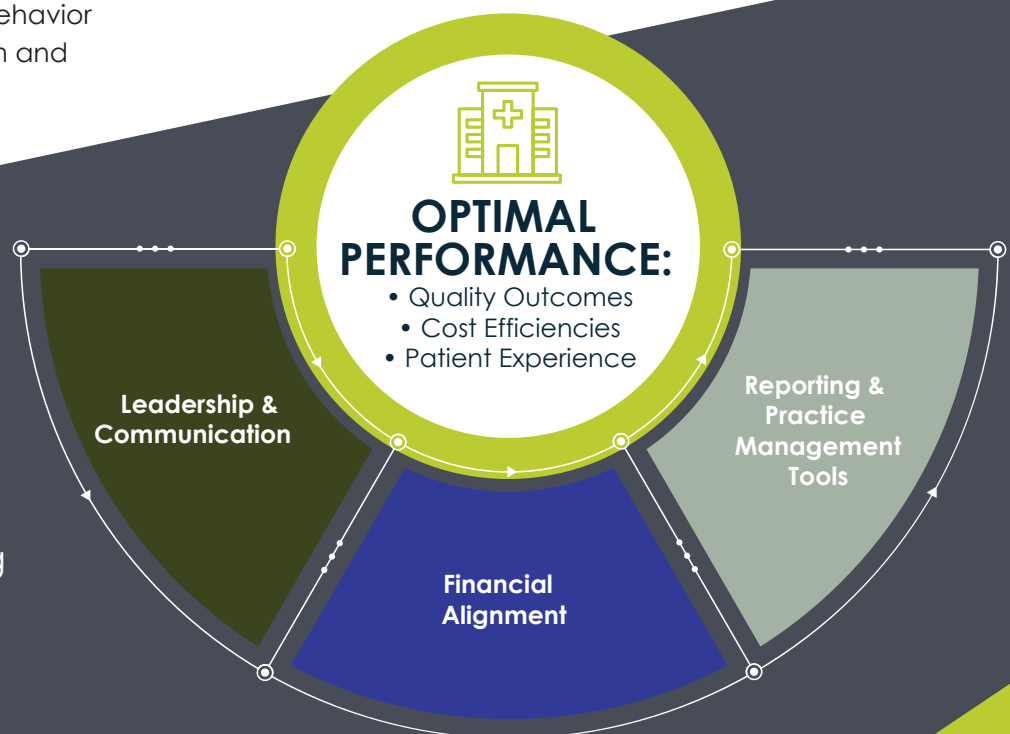
- Find a balance between specialty-specific goals and multidisciplinary/interdepartmental goals
- Engage provider voices in initiatives to improve clinical outcomes, enhance patient experience, and optimize operational throughput
- Effectively demonstrate the importance of particular financial metrics and how provider behavior weaves into overall program and system success

- Observe and analyze certain processes start-to-finish—maybe even using an unbiased external partner—to discover opportunities for improvement
- Capture your data in a useful place and get benchmarking data to compare overall performance of your program to others like it
- Help providers understand how their collective and individual habits impact not just the outcome, but also the accuracy of program performance data

Throughout these three action areas, it's clear that establishing a management culture that enables providers to achieve high productivity and performance requires a few common threads:

- **Effective communication**
- **Financial alignment**
- **Necessary reporting and management tools**

We call these three common threads the **critical success factors**—and they are your keys to optimizing your investment in employed providers.



# CRITICAL SUCCESS FACTORS



Now that you are armed with these three critical success factors, what should you do and what should you watch for to ensure optimal performance?

## 1: LEADERSHIP & COMMUNICATION

Without communication, you can't have strong leadership; without leadership, communication will be ineffective and underwhelming.

DO:	WATCH FOR:
<ul style="list-style-type: none"> <li>• Select and invest (ongoing) in the right leadership team and build a strong, welcoming culture</li> <li>• Recruit intentionally, onboard effectively, and invest in your teams</li> <li>• Establish &amp; reinforce behavior and performance expectations</li> <li>• Address underperformance with clarity and compassion</li> <li>• Encourage active provider participation in the hospital's working committees</li> <li>• Communicate frequently and broadly, both formally and informally, and invite feedback</li> <li>• Lean on the diverse expertise of others on your team and showcase their hard work</li> </ul>	<ul style="list-style-type: none"> <li>• Management barriers and unintentional habits</li> <li>• Leaders who can't have crucial conversations—or aren't willing to practice</li> <li>• Silo behavior, lack of willingness to understand and interact with others</li> <li>• Wasted time due to breaks in communication, both top-down and laterally</li> </ul>

## 2: FINANCIAL ALIGNMENT

Getting everyone on the same financial page may sound like an intimidating task, but it's likely more manageable than you think—and it's an undeniable necessity.

DO:	WATCH FOR:
<ul style="list-style-type: none"> <li>• Use internal feedback to create a fundamental incentive alignment</li> <li>• Win over well-established provider influencers, and rely on them to endorse and carry important messages re: financial alignment</li> <li>• Leverage a mix of base salary, production, quality, and citizenship metrics; know and understand your local market; ensure compensation mix reflects your culture</li> <li>• Ensure compensation plans are easy to understand, establish credibility, and create an affirmative experience</li> <li>• Ensure accuracy of administration, meet deadlines, establish an error remediation plan, and stay positive</li> </ul>	<ul style="list-style-type: none"> <li>• Balancing carrot and stick, lack of accountability</li> <li>• Lack of transparency, accuracy, and follow-through</li> <li>• Misleading thresholds (make sure the plan funds itself; test and retest it)</li> <li>• Barriers that need to be removed (people, processes, or technology)</li> </ul>

### 3: REPORTING AND PRACTICE MANAGEMENT TOOLS

Launching strategic initiatives and embracing innovations is fantastic—but if you can't measure progress or impact, you'll just be spinning your wheels.

DO:	WATCH FOR:
<ul style="list-style-type: none"><li>• Use technology and use it with a precise purpose; prioritize ease of use (build into provider workflows), ability to customize to your needs, and the quality/affordability balance</li><li>• Right-size your staffing model and set a precedent of agility</li><li>• Stay open to new ways of improving documentation</li><li>• Continuously update targets and provide transparency around the 'why'</li><li>• Train leadership to help providers interpret their results and take meaningful actions</li><li>• Report, educate, coach, and deputize peer mentors</li><li>• Be consistent in monitoring and reporting on progress to goals, celebrate successes, and respectfully handle underperformance</li></ul>	<ul style="list-style-type: none"><li>• Delayed data causing mistrust and frustration</li><li>• Ambiguous data that erodes confidence and credibility</li><li>• Too many discrepancies between multiple data sources</li><li>• Insufficient education on and/or engagement with new technologies or other innovations</li></ul>





## NOW, WHAT? (GETTING STARTED)

If you're preparing to employ your own providers or planning to improve your existing employed model, you might be asking yourself how best to implement this information and get started. As mentioned earlier, leaders can work to optimize their provider management strategy internally or can choose to lean on an external practice management partner for guidance and relief—either for bits and pieces of the process or as a comprehensive solution. When navigating this decision, leaders should consider the following factors as they relate to both options:

- **Prospect of increased revenue and cost efficiencies**
- **Opportunity for clinical performance enhancement**
- **Extent of expertise**
- **Level of administrative burden**

Regardless of what approach you choose, one thing is certain: you have to be aligned. According to [Health Catalyst](#), a major reason that many change management or performance improvement efforts fail is that multiple people are working on random pieces of the same initiative without an overarching plan or interactive communication. If you are going to create and sustain a high-performing, successful employed provider model, you have to take inventory of all current related projects, assess their efficacy, and make a clear plan to move forward. All key stakeholders must be invested in that plan and ready to do what it takes to execute it. If your people are disconnected, your efforts are disjointed, or your decisions are disagreed upon, your chances of success will surely suffer.

Once that general plan of action is agreed upon by all your key stakeholders, you can begin working through those question exercises of “which management strategies can we implement to influence provider productivity and performance?” and “how can we weave the critical success factors into everything we do?” Together, your team (no matter who it's comprised of) can work through the answers, deploy the tactics you feel are right for your organization, continuously monitor progress, and make changes to your plan accordingly.

## SUCCESS STORY



While the decision to keep management efforts internal or involve external experts is something each leadership team has to decide on its own, the following case study briefly demonstrates how using an external practice management partner helped Centura Health enhance and optimize its investment in employed providers.

### BACKGROUND:

After a period of massive growth, Centura Health, a 17-hospital system, was looking for support as it developed its 10-year strategic plan. In order to achieve their aspirational goals, system leaders needed to first create a unified culture that would effectively represent and support its diverse group of physicians. The system optimized its investment in employed providers by partnering with SCP Health to establish a strong, collaborative, physician-empowering practice management program within the Centura Health Physician Group. The system's overarching goals, SCP Health's primary strategies, and the remarkable quantifiable impact of the partnership are displayed in the graphic below.

### FACILITY PROFILE

Not for profit, faith-based, 17 facilities, 6,000+ physicians, employed hospital medicine group

### GOALS

- Focus on and improve HM program economics
- Align providers to new process & quality outcomes
- Meet KPIs tied to aspirational metrics

### STRATEGIES

- Implemented revenue cycle & documentation assurance processes
- Established management guidelines
- Educated providers on documentation reimbursement & patient experience
- Improved communication practices
- Streamlined provider scheduling



PRE-BILL DAYS  
DECREASED FROM  
18 TO 12 DAYS



LOCUMS TENENS USE  
REDUCED BY 70%



CHART DOCUMENTATION  
DEFICIENCIES  
80% REDUCTION



AVERAGE RVU  
INCREASED BY 10%

## IN SUMMARY

To summarize what we've covered throughout this paper, let's review where we've been in 8 simple takeaways:

1. The trend toward employed providers seems to be escalating, spurred by physician preferences, shifting regulatory requirements, and rapid technological advancements.
2. Since this is the direction we are headed, healthcare leaders need to be experts at managing providers—and that will require a significant change in operations and strategy.
3. To start, get your entire leadership and provider team unified around the reason for change and the general plan to move forward. Cut out disjointed efforts. You may want to bring in an external practice management partner to help ease the pressure and provide unbiased expert guidance.
4. Define what you expect of your providers and clearly communicate those expectations.
5. Build a strong cultural foundation on true understanding of the needs, interests, and goals of both your facility/system and your providers.
6. Focus on what you can do to impact provider performance, productivity, and overall program performance.
7. Throughout all your efforts, weave in the three critical success factors of strong leadership/communication, financial alignment, and effective reporting/management tools.
8. Again, don't be afraid to ask for help. While some organizations have certainly found great success by keeping provider management and performance improvement efforts in-house, it might be a load that you don't want to bear. If that's the case, consider seeking out an experienced practice management partner who will work closely alongside you to understand your culture and exceed your goals.

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### RESOURCES

Case Study: [Revenue Cycle and Documentation Assurance Management Partnership Produce Measurable Results](#)

Case Study: [Enhancing Program Economics and Building a Culture of Continuous Improvement](#)

Blog: [Improving the Performance of Employed Providers](#)

Blog series:

#1: [Challenges of a Hospital-Employed ED: Your Options and Solutions](#)

#2: [Challenges of a Hospital-Employed ED: Leadership and Accountability](#)

#3: [Challenges of a Hospital-Employed ED: Performance Management, Documentation & Revenue](#)

Guide: [A Game Plan for Recruiting the Right \(& Retainable\) Provider](#)

Guide: [6 Benefits of RVUs as a Measurement Standard](#)



SCP Health (SCP) is a clinical company. At our core we work to bring hospitals and healers together in the pursuit of clinical effectiveness. With a portfolio of over **8 million patients, 7500 providers, 30 states, and 400 healthcare facilities**, SCP Health is a leader in clinical practice management spanning the entire continuum of care, including emergency medicine, hospital medicine, wellness, telemedicine, intensive care, and ambulatory care.

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