# The Future of Physician Compensation

## HFMA Region 7 H20 Talk: Lake Geneva, Wisconsin

July 18, 2016

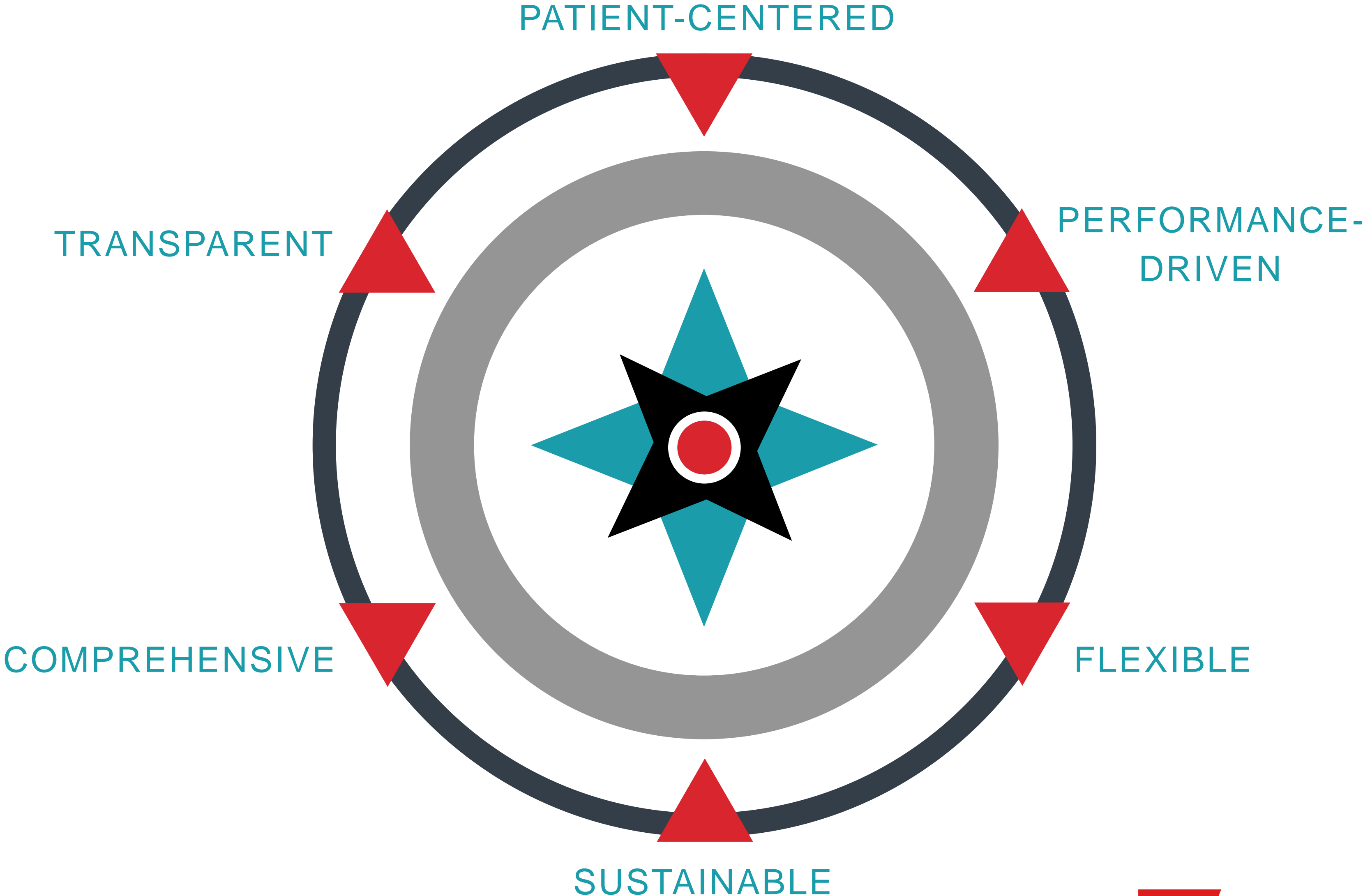
13355 Noel Road, Suite 1010
Dallas, TX 75240
P **469.729.2600**
F 469.729.2601

800.729.7635 **ecgmc.com**

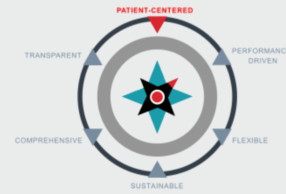
“**Maps**, by definition, could only help in known worlds—worlds that have been charted before. **Compasses** are helpful when you are not sure where you are and can only get a general sense of direction.”

-Karl E. Weick

# Our Guiding Compass



# Patient-Centered




**Increasingly, organizations are seeking to remove financial disincentives that may impede their ability to deliver patient-centered care.**

**1 CARDIOLOGY EXAMPLE**
A cardiology practice pooled WRVUs in order to maintain appropriate levels of patient access to noninvasive services.

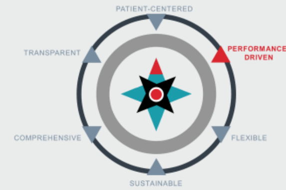
**2 GASTROENTEROLOGY EXAMPLE**
A gastroenterology practice pooled compensation in order to increase access to chronic disease management services (IBD, Crohn's, etc.).

**3 OB/GYN EXAMPLE**
An OB/GYN group pooled WRVUs for its laborist shifts, which helped contribute to a 20% reduction in elective inductions compared to an individualized approach.

**4 PRIMARY CARE EXAMPLE**
A primary care practice funded incentive pools based on overall group productivity, which helped balance patient loads between/within practice sites and increase access to care.

**5 MULTISPECIALTY EXAMPLE**
A multispecialty practice transitioned from a revenue minus expense compensation plan to a payor-neutral WRVU approach, significantly increasing access for Medicare/Medicaid patients.

# Performance-Driven




**The use of explicit employment obligations and physician compacts supports a performance-driven culture, even as base/fixed salary levels continue to increase.**

## Example Employment Obligations (Primary Care — 1.0 FTE)

### Access Requirements

Physicians will maintain a defined number of open slots each day for new patients.

### Chart Completion/ Documentation Standards

Physicians will complete their charts within 48 hours of the patient encounter.

### Weeks Worked Per Year

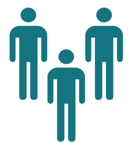
Physicians will work a minimum of 47 weeks per year.

### Administrative Participation

Physicians will attend a minimum of 75% of group and system professional staff and department meetings.

### Clinic Hours

Primary care physicians will work either 9 sessions (if they follow patients in the hospital) or 10 sessions (if they use hospitalists) each week.

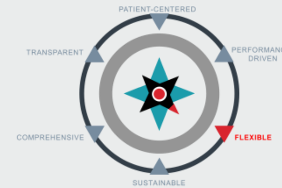


### WRVU Production

Physicians will meet a specialty-specific level of WRVU production. This includes a minimum threshold (e.g., median).

*NOTE*: One session = 4 clinic hours.

# Flexible




**The intrinsic variability between different specialty types and work environments typically precludes a "one size fits all" approach to compensation.**

**Enterprise Standard:** No plan specialization

- Primary Care
- Medical Specialists
- Surgical Specialists
- Coverage-Based Specialists

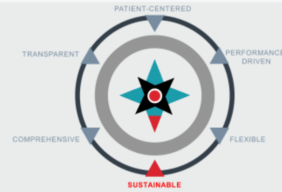
**Specialty Groupings:** Plans based on the categorization of specialties, such as the examples provided above

- Specialty A
- Specialty B
- Specialty C
- Specialty D
- Specialty E
- Specialty F
- Specialty G
- Specialty H

**Specialty-Specific Plans**

**Physician-Specific Plans**

# Sustainable

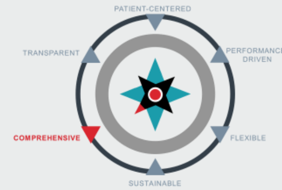



**A confluence of factors have significantly increased demand within the physician labor market and contributed to a "whatever it takes" approach to compensation.**

- Bidding wars have prevailed at both local and national levels. This is especially true in certain high-demand specialties (e.g., primary care).
- Salary guarantees for new recruits are often significantly higher than the average earnings for existing physicians.
- Many organizations are basing compensation exclusively on market benchmarks, regardless of their underlying group financials.
- Highly fixed compensation plans continue to increase in prevalence across the industry.

**Progressive organizations are beginning to incorporate economic adjustment factors in order to maintain long-range affordability.**

# Comprehensive

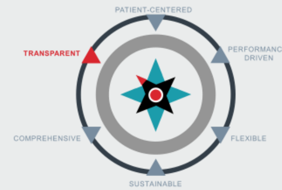



**In response to changing market dynamics, some organizations have begun to employ a more progressive payment structure that segments compensation elements by mission area.**

| Clinical | Admin. | Research | Teaching | Strategic |
|---|---|---|---|---|
| Volume-Based Compensation | Performance Incentive | Performance Incentive | Performance Incentive | |
| + | + | + | + | |
| Value-Based Compensation | Base Compensation | Base Compensation | Base Compensation | Base Compensation |
| + | | | | |
| Base Compensation | | | | |

**Total Compensation**

# Transparent




**A lack of transparency and predictability is the most common complaint among physicians who are surveyed as part of our compensation engagements.**

## Total Clinical Compensation

| Base/Fixed Salary | + | Panel Size Incentive | + | WRVU Incentive | + | Value Incentive | + | APC Supervision |
|---|---|---|---|---|---|---|---|---|
| = | | = | | = | | = | | = |
| Specialty-Specific Benchmark | | Number of Attributed Risk-Adjusted Patients | | Number of Personally Performed WRVUs Above Performance Threshold | | Value-Based Performance | | APC Supervisory Stipend |
| × | | × | | × | | × | | × |
| Clinical FTE Status | | Panel Size Payment Rate | | WRVU Payment Rate | | Value-Based Funding | | Attributed APC FTEs |
| | | × | | × | | | | |
| | | Value-Based Modifier | | Value-Based Modifier | | | | |

# Questions and Discussion

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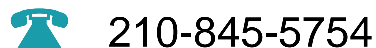
Tom Methvin

*tmethvin@ecgmc.com*


210-845-5754

Jason Lee

*jlee@ecgmc.com*

415-692-6060