The Role of Primary Care in Network Development Efforts

Subtitle: How do you know when you're losing too much money???

EMORY HEALTHCARE

Hunter.

Results, driven.

Agenda:

- The Client
- The Context
- The Business Problem
- The Process
- Outcomes
- Lessons Learned
- Next Steps

The Client

- Emory Healthcare's Physician Enterprise
- The Emory Clinic: 1,200 physician-faculty with 45 Primary Care Physicians in 6 locations
- Emory Specialty Associates: 200 physicians with 100 Primary Care Providers (PCP)
- Emory's physician enterprise operates from one management and shared services chassis

The Context

- Inelastic demand for Primary Care access
- Growing population and an aging population
- Declining number of fulltime PCP's
- Minimal health system competency in Primary Care operations/systems/finances
- Minimal health system competency in population management
- Health system needs to cut $300 Million in costs/funding/losses over three years
- Health system documents need to add 15 Primary Care sites and 40 + providers over next 18 months

The Business Problem

- Many of Emory's Primary Care providers and locations are the product of a 2-3 year buying spree
- Competitor's outreach is outpacing Emory's
- Four Points of the Compass v. Geographic Market niches demands best in class execution
- Strategy tightrope: Grow, while improving financial results and deliver a care model that floats on its own bottom

The Business Problem

- Wide range of financial results variation: Coding practices, productivity, cost structure, information systems competencies, compensation practices
- Wide range of operational workflow variation at the local level
- Wide range of local site physician leadership competencies
- "Come as you are" philosophy/promises not matched with financial accountability
- Governance and leadership are focused on achieving Primary Care/Population Management/Care Model Transformation

The Process

Get Ready:

- "We have no choice"
- "We're out of time"
- "We need help setting priorities and targeting our efforts"

- Data shows random variation, site to site and provider to provider:
  - Clinical Documentation
  - Productivity/Throughput/Scheduling
  - Practice Models
  - Staffing/Costs levels
  - Compensation Models
  - Multiple clinical information systems and work flows

The Process

Get Set:

- Ambitious budget established: burned the ships behind us
- Hard wired goals into incentive compensation
- Sought outside help (Financial/Operational AND Compensation Experts)
- Set oversight/steering process in place
- Turned consultants loose with the data and the people closest to the work
- Gave providers notice that compensation plan would be reset on December 1, 2013

The Outcomes

Analysis Components:

- ✓ Total RVU
  - ✓ Practice & Malpractice RVUs
- ✓ Physician Work RVU
- ✓ 2013 Conversion Factor (CF) - $34.0230
- ✓ GPCI adjustments
- ✓ Modifiers
- ✓ Place of Service
- ✓ MGMA Chart of Accounts

Key RBRVS Uses

- **Revenue cycle yield (in conjunction with cash and PMI)**
  - Cash yield as a % of Medicare
  - How does that compare to expected reimbursement?

- **NOTE: Also Useful For Payer and Service Mix Shifts** (highly-sensitive indicator)

- **Non-provider staffing levels**
  - Staffing to work output, not "nose count"
  - Extra staff for extra output

- **Provider productivity**
  - Productivity (specialty-and license-specific)
    - ❑ Median (ALWAYS under water – no exceptions)
    - ❑ Midpoint between median and 75%tile (baseline)
    - ❑ 75%tile (preferred)
- **Provider compensation**
  - Comp per wRVU (median works pretty well)
  - Recent ortho example

Provider RVU Benchmarking:

- **Non-provider staffing**
  - Divide total wRVUs earned by median benchmark
  - “Virtual” clinical FTE (VCFTE)
  - Multiply VCFTE by median staffing benchmark per FTE (with a 75%tile cap x self-reported CFTE)
  - Staffing budget based on actual work output
  - NOTE: must include all staffing (allocated central support)

Revenue Cycle Uses:

- **Cash Yield As A % of Medicare**
  - Total Cash/tRVUs = a group's/site's cash conversion factor
  - Divide this factor by $34.0230 = cash yield as a % of M/C
- **Payer Mix Index**
  - Payer Mix:
    - ❑ BCBS 25% (170% of M/C) = 1.7 x .25
    - ❑ Aetna 25% (180% of M/C) = 1.8 x .25
    - ❑ Medicare 35% (100% of M/C) = 1.0 x .35
    - ❑ Medicaid 15% (60% of M/C) = .6 x .15
    - ❑ Payer Mix Index = (.425)+(.45)+(.35)+(.09) = 1.315
    - ❑ ACME Medical Group's cash CF = 1.25
    - ❑ Actual yield is 5% below expected given PMI
    - ❑ On $100M in net revenue, might show a $5M gap
    - ❑ Current example (surgery outlier)

“ACME” Medical Group

Site	Total FTE	wRVUs	$ if Provider Productivity ≥ Midpoint	Revenue Cycle Opportunity	Payer Mix Index	Yield as a % of M/C	E&M Coding Opportunity	Coding Opportunity (valued at each site's % of M/C)	Comp Opportunity at 50%tile per wRVU
Jones Clinic	21.20	155,696	$131,738	$692,242	170.89%	163.99%	$286,120	$469,210	$33,123
East Clinic	11.00	59,868	$76,525	$276,172	144.43%	139.32%	$156,827	$218,494	$0
Blue Clinic	20.80	96,469	$422,368	$251,225	151.29%	144.38%	$214,448	$309,610	$183,912
Middle Clinic	9.30	27,856	$715,909	$444,990	178.40%	171.98%	$176,807	$304,065	$279,449
Smith Clinic	7.40	30,472	$299,439	$16,899	147.98%	147.12%	$43,464	$63,947	$182,978
	69.70	370,360	$1,645,978	$1,681,527			$877,667	$1,365,326	$679,461

“ACME” Medical Group

Site	wRVUs	Virtual CFTE @ Median	Total Support Staff FTE	Total Target Support Staff FTE	Staffing Opportunity	$ Opportunity Related to Staff FTE	"All In" Opportunity w/productivity @ Median	Opportunity per FTE
Jones Clinic	155,696	24.78	108.29	98.56	9.73	$486,472	$1,812,785	$85,509
East Clinic	59,868	10.00	40.18	39.03	1.15	$57,638	$628,830	$57,166
Blue Clinic	96,469	19.33	83.25	72.21	11.03	$551,672	$1,718,786	$82,634
Middle Clinic	27,856	6.45	27.12	22.31	4.82	$240,804	$1,985,216	$213,464 *
Smith Clinic	30,472	7.31	27.38	24.34	3.03	$151,679	$714,941	$96,614
	370,360	67.87	286.22	256.45	29.77	$1,488,264	$6,860,558	$98,430

Academic Medical Center Variation:

SECTION/DEPT		TOTAL PAYROLL COMP	Division Benefit Factor	Total Comp & Benefits	State	GME	Grant	Contract	UPL	Other	Defaul Clinical Comp	Self-Rptd CLINICAL FTE	Default Clinical FTE	MGMA Acad Midpoint wRVU OPP at Default CFTE
CV Surgery	1.00	$326,415		$368,988	$53,190			$27,455	$22,065		$266,278	0.70	0.72	1,689
CV Surgery	1.00	$1,027,877		$1,161,938	$256,969	$23,015		$250,000	$15,368		$616,586	0.70	0.53	
CV Surgery	1.00	$665,000		$751,733	$53,190		$26,035	$13,998	$16,917		$641,592	0.70	0.85	6,549
CV Surgery	1.00	$330,560		$373,673	$53,190		$11,484	$0	$12,419		$296,580	0.70	0.79	4,654
CV Surgery	1.00	$678,629		$767,139	$135,726	$11,508		$230,126	$8,452		$381,327	0.50	0.50	
CV Surgery	**5.00**	**$3,028,481**	**13.04%**	**$3,423,470**	**$552,265**	**$34,523**	**$37,519**	**$521,579**	**$75,221**	**$0**	**$2,202,363**	**3.30**	**3.40**	**12,892**
CV Surg-PEDS	1.00	$418,626		$474,713	$53,190			$0	$51,237		$370,286	0.85	0.78	1,589
CV Surg-PEDS	**1.00**	**$418,626**	**13.40%**	**$474,713**	**$53,190**	**$0**	**$0**	**$0**	**$51,237**	**$0**	**$370,286**	**0.85**	**0.78**	**1,589**
CV-THORACIC	1.00	$247,204		$279,446	$53,190	$9,206		$68,504	$23,310		$125,235	0.85	0.45	
CV-THORACIC	1.00	$451,807		$510,734	$59,838	$11,508		$23,200	$15,583		$400,605	0.85	0.78	3,304
CV-THORACIC	**2.00**	**$699,011**	**13.04%**	**$790,179**	**$113,028**	**$20,714**	**$0**	**$91,704**	**$38,894**	**$0**	**$525,840**	**1.70**	**1.23**	**3,304**
CARDIO-EP	1.00	$336,593		$404,088	$53,190	$9,206		$91,483	$12,293		$237,916	0.60	0.59	2,215
CARDIO-EP	1.00	$261,647		$314,114	$59,838	$9,206		$12,898	$19,788		$212,383	0.80	0.68	2,711
CARDIO-EP	1.00	$299,750		$359,857	$59,838	$155,506		$31,048	$37,959		$75,506	0.60	0.21	
CARDIO-EP	**3.00**	**$897,990**	**20.05%**	**$1,078,059**	**$172,866**	**$173,918**	**$0**	**$135,429**	**$70,040**	**$0**	**$525,805**	**2.00**	**1.47**	**4,926**
CARDIO-INT/INV	1.00	$382,150		$424,189	$53,189	$9,206	$0	$20,735	$64,242		$276,817	0.85	0.65	
CARDIO-INT/INV	1.00	$461,300		$512,046	$59,838	$188,005	$0	$53,721	$88,030		$122,452	0.60	0.24	
CARDIO-INT/INV	**2.00**	**$843,450**	**11.00%**	**$936,236**	**$113,027**	**$197,211**	**$0**	**$74,456**	**$152,273**	**$0**	**$399,269**	**1.45**	**0.89**	**0**
CARDIO-NON-INV	1.00	$206,818		$243,947	$39,892	$9,206		$5,300	$26,084	$2,000	$161,466	0.85	0.66	1,283
CARDIO-NON-INV	1.00	$124,500		$146,851	$39,892	$6,905		$7,583	$31,598		$60,873	0.85	0.41	930
CARDIO-NON-INV	0.25	$118,515		$139,792				$0	$73,750		$66,042	0.25	0.47	425
CARDIO-NON-INV	0.50	$170,193		$200,747	$132,974	$11,508		$19,123	$12,586		$24,556	0.40	0.12	
CARDIO-NON-INV	0.60	$195,553		$230,660		$6,905		$398	$4,606		$218,751	0.60	0.95	3,375
CARDIO-NON-INV	1.00	$282,479		$333,191	$59,838	$11,508		$125,794	$53,454		$82,598	0.60	0.25	
CARDIO-NON-INV	1.00	$232,815		$274,611	$59,838	$9,206		$82,728	$78,196		$44,644	0.85	0.16	
CARDIO-NON-INV	**5.35**	**$1,330,873**	**17.95%**	**$1,569,800**	**$332,434**	**$55,238**	**$0**	**$240,926**	**$280,272**	**$2,000**	**$658,930**	**4.40**	**3.03**	**6,013**
VASCULAR	1.00	$440,465		$516,362	$53,189	$9,206		$6,546	$50,258	$12,892	$384,271	0.85	0.74	
VASCULAR	1.00	$323,250		$378,950	$53,189	$9,206		$7,306	$104,767		$204,482	0.85	0.54	
VASCULAR	1.00	$459,570		$538,759	$53,189	$9,206		$24,757	$67,057		$384,550	0.85	0.71	658
VASCULAR	1.00	$371,647		$435,686	$59,838	$83,133	$2,854	$55,816	$74,134		$159,912	0.55	0.37	
VASCULAR	**4.00**	**$1,594,932**	**17.23%**	**$1,869,757**	**$219,405**	**$110,751**	**$2,854**	**$94,425**	**$296,215**	**$12,892**	**$1,133,215**	**3.10**	**2.36**	**658**
CV Sciences	**22.35**	**$8,813,363**		**$10,142,214**	**$1,556,215**	**$592,355**	**$40,373**	**$1,158,519**	**$964,152**	**$14,892**	**$5,815,709**	**16.80**	**8.99**	**29,381**

Analysis Conclusions:

- If you can demonstrate that you've:
  - *Maximized productivity per provider (according to national benchmarks by specialty/provider type)*
  - *Set compensation at national benchmark levels per work output*
  - *Optimized staffing per provider (based on actual output and compared to national benchmarks)*
  - *Optimized documentation (as demonstrated through bell curve analysis)*
  - *Minimized operating costs (as benchmarked)*
  - *Optimized revenue cycle yield based given expected payment*
    - *Side benefit: established a tool that gives real-time indication of payer and service mix shifts*
- Then you can demonstrate that any remaining subsidies within the physician enterprise are the cost of doing business in your particular market.

The Lessons Learned

- Draw attention at every level
- Don’t under-invest in structure: before, during, after
- Project Plan/Timelines extend far past the engagement
- Don’t under-estimate communication loops
- Assume beneficial intent: Everyone wants to be on a winning team
- Invest in noise-canceling head phones: Emory has an organizational tendency to try to boil the ocean
- Set the targets, measure the results and publish the progress

The Next Steps

- Weekly conference calls around focused areas
- Weekly executive meetings with work group leaders
- Grab the Provider's schedules
- Compensation consultant completes work in mid-October

Questions?

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