

Preparing for Risk:

Intersection of Compensation Design and Performance Improvement

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Today's Presenters



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Agenda

Background

Compensation Design/Planning

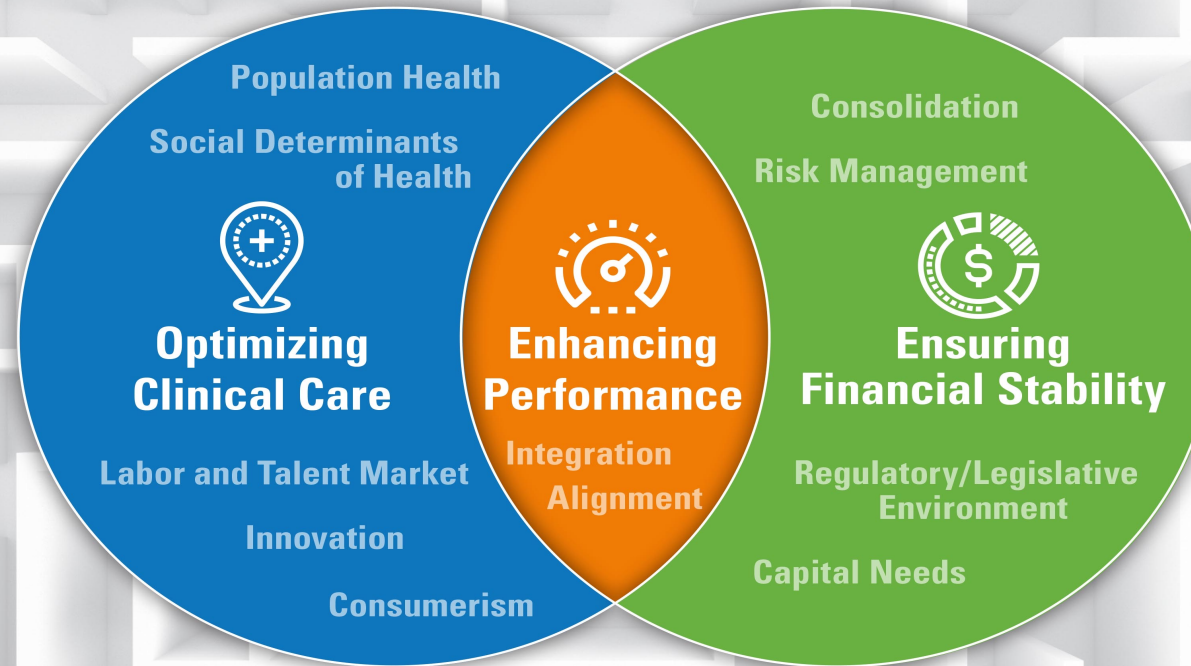
Performance Management/Design

Optimization

Background



The Potential for Disruption



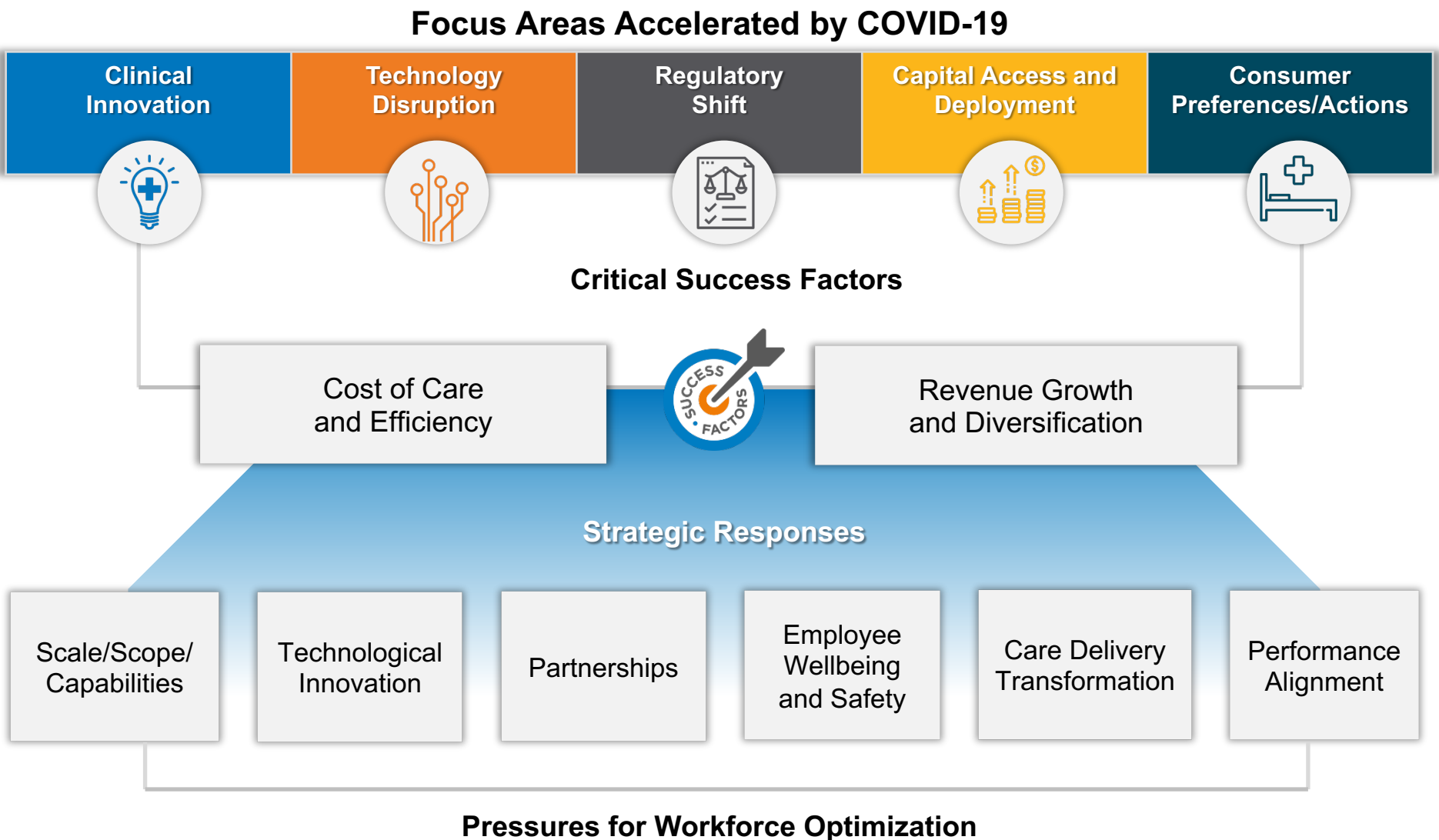
Workforce Implications

“\$40 billion of United Health Group’s business is in some level of VBC today and is slated to go to **\$65 billion by the end of 2018.**”

– Steve Helmsley, CEO, UHC

Market Pressures and Implications

COVID-19 and Beyond



Workforce Optimization Considerations



As health care organizations focus on financial sustainability and operational transformation as a result of COVID-19, three key workforce strategies need to be addressed:

Workforce Composition and Deployment

What is the **right number and type of physicians and APPs** required and how should they be best utilized to achieve organizational goals?



Compensation Arrangements

What compensation arrangements will reinforce **team-based models of care, shared incentives** and **workforce optimization**?



Leadership and Performance Management

What new **leadership structures and performance management tools** are needed to drive future success?



Compensation Design/Planning

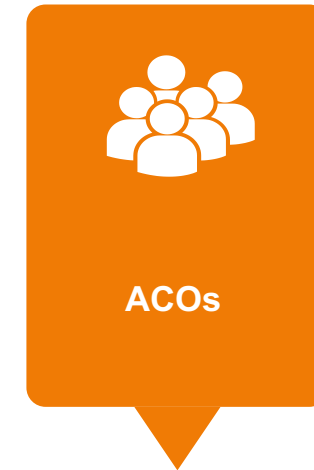
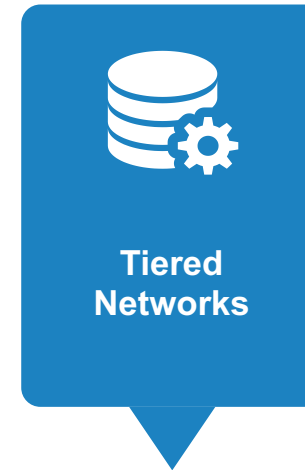
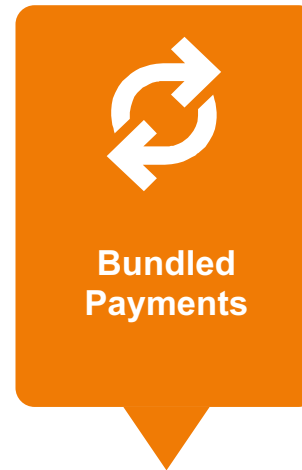
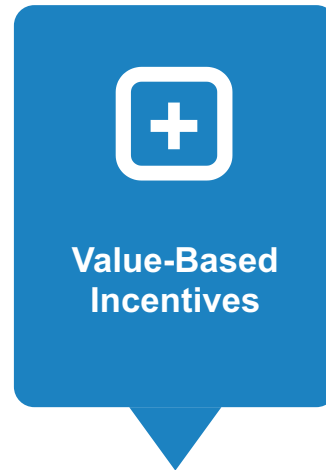
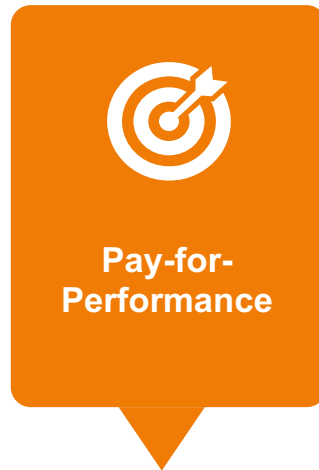
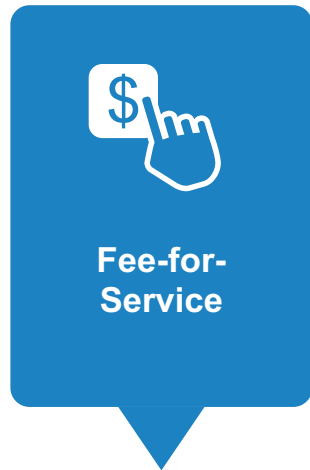
Value-Based Care Risk Continuum



Small
Financial Risk

Moderate
Financial Risk

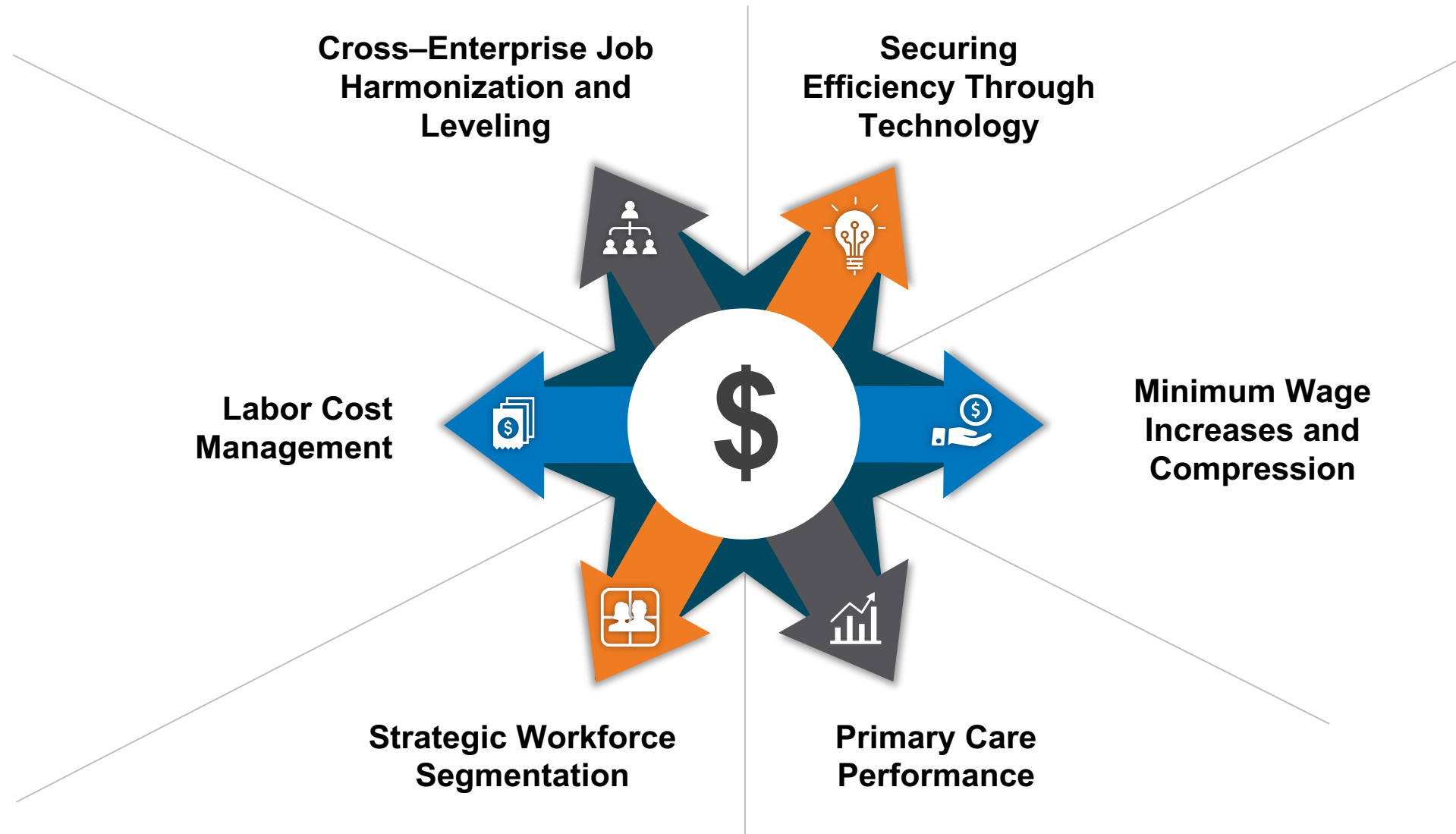
Large
Financial Risk



How can you accelerate VBC maturity and improve performance?

Emerging Compensation Challenges

Impact of COVID-19





PHYSICIAN

- **Clinical Specialty**
 - Primary care
 - Hospital-based
 - Procedural/surgical
- **Role & Responsibilities**
 - Clinical
 - Clinical/leadership
 - Leadership
- **Practice Environment**
 - Urban
 - Rural
- **On-Call Coverage Requirements**
- **Productivity Metrics**
- **Value-Based Metrics**

Key Elements Impacting Provider Compensation



APP

- **Role & Responsibilities**
 - Independent provider
 - Team provider
 - Support provider
- **Practice Environment**
- **Clinical Specialty**
- **On-Call Coverage Requirements**
- **Premium/Special Pay Practices**
 - Shift differentials
 - Pay for extra shifts
 - On-call pay
- **Value-Based Metrics**
- **Productivity Metrics**

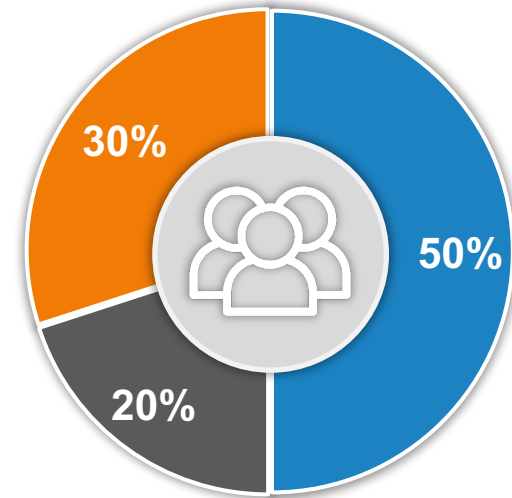
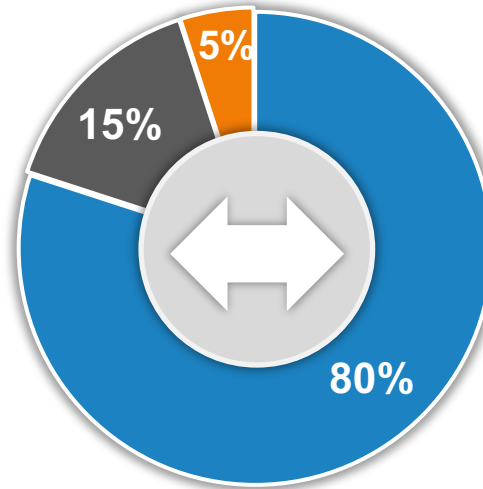
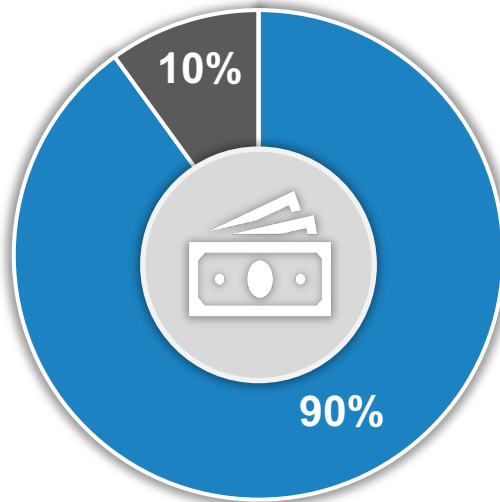
Primary Care Compensation Design Example:

Reimbursement Environment



■ wRVU Productivity ■ Quality/Patient Experience/Other Value-Based Metrics ■ Risk-Adjusted Panel

Plan Components | Weighting

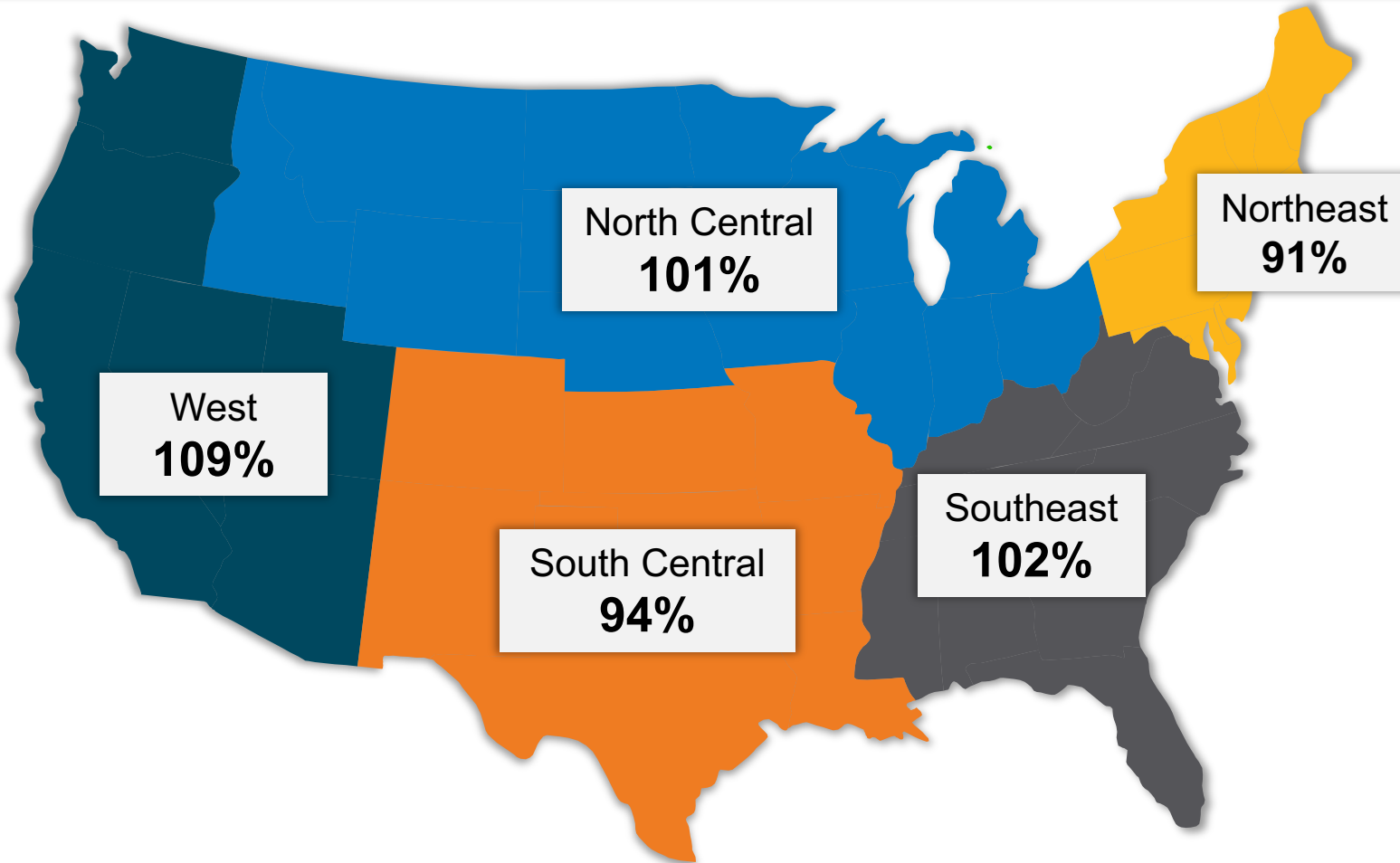


Regional Differences in Physician Compensation

Total Cash Compensation Compared to National Median



Physician compensation is lowest in the northeast and highest in the west

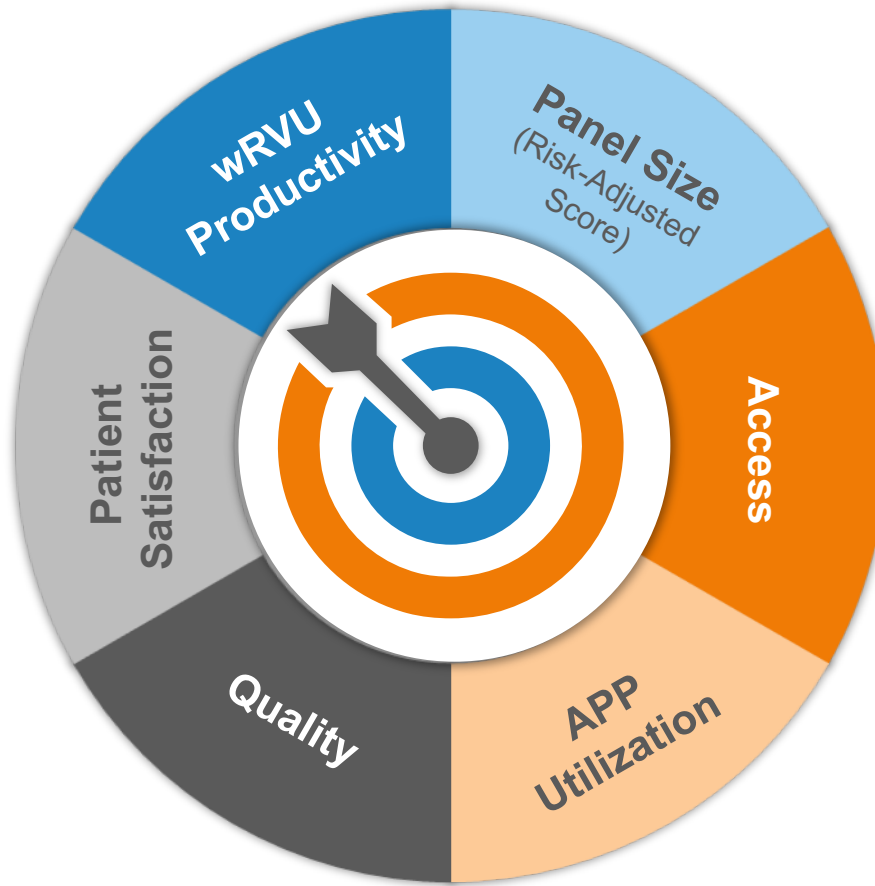


Please note: Percentages represent an average of the median from 2018-2020

Source: SullivanCotter 2020 Physician Compensation and Productivity Survey Report



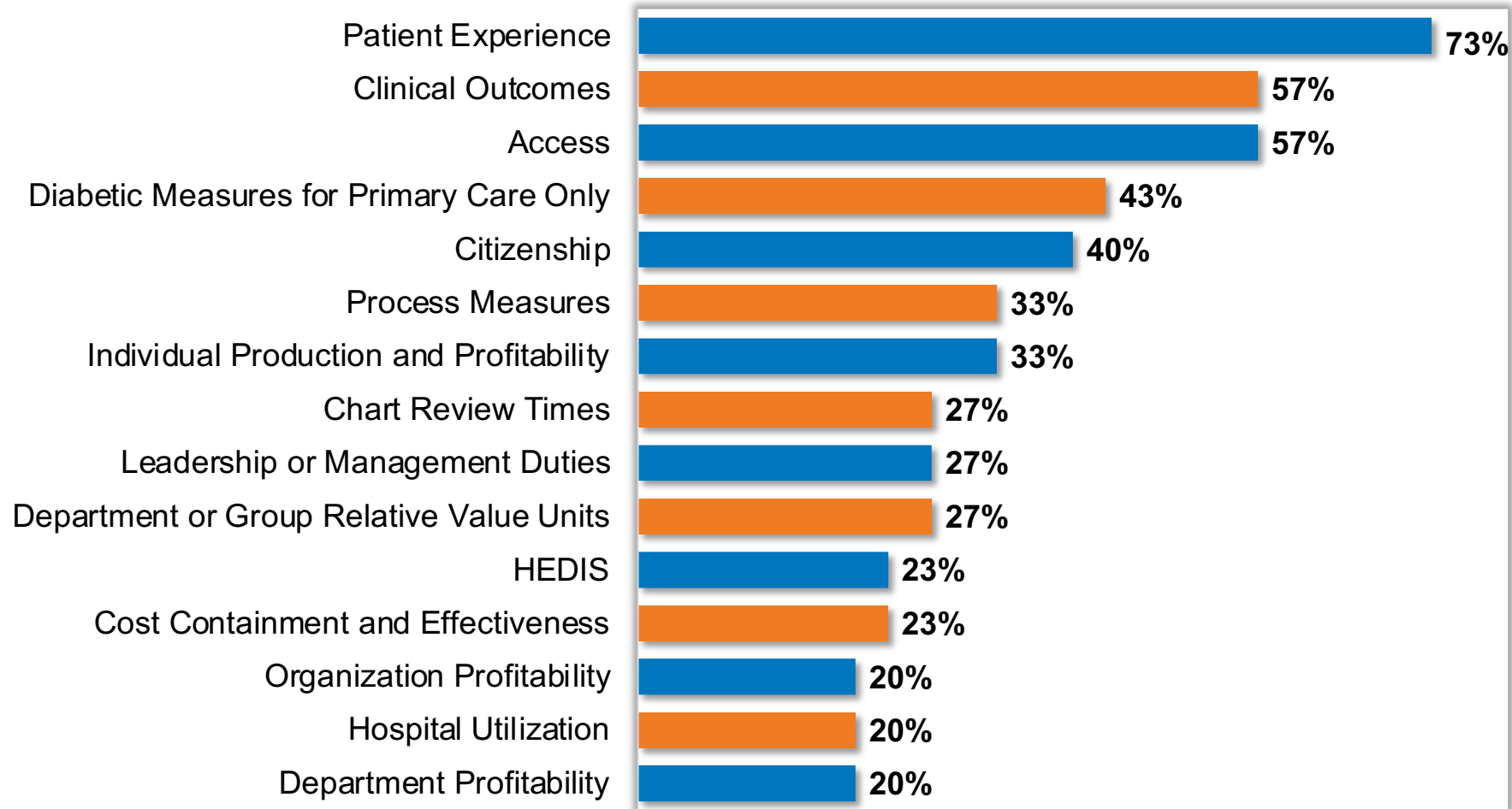
Questions to consider with respect to physician and APP compensation approaches



- What are the agreed-upon **performance drivers**?
- How should each component be **weighted** in the new compensation program?
- How should each performance metric be **measured and rewarded**:
 - Individual
 - Team
 - Practice site
 - Region
- What metrics require **physician and APP collaboration**? Team collaboration?



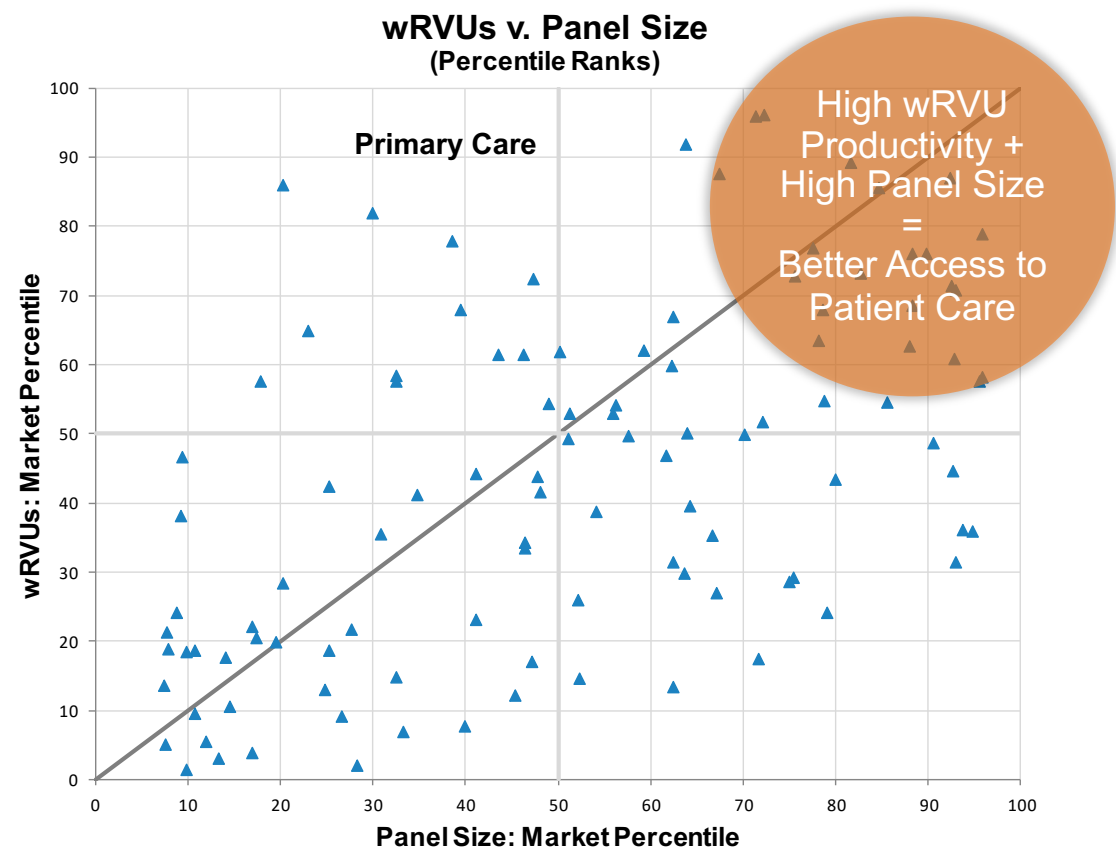
Measures Considered in Incentive and Discretionary Pay



Rewarding Population Health Management



Panel Size: The number of patients served by a physician and/or APP, typically defined as a count of unique patients seen within the last 18 months



Primary Care Panel Size
2019 Median Physician Figures

Family Medicine	Internal Medicine
1,967	1,840
3-Year Blend: 1,886	3-Year Blend: 1,882

Source: SullivanCotter Physician Compensation and Productivity Survey

Core Competencies to Effectively Manage Risk



Business Model Alignment



Enhanced Care Delivery



Consumer and Provider Engagement



Operational Excellence



Examples

- Population health management readiness assessment
- Population health management opportunity analysis
- Value-based contracting
- Value-based benefit design
- Revenue management

- Care delivery model development
- Medical care management program
- Pharmacy care management program
- Quality improvement program

- Organization and governance development
- Provider incentive program
- High performance and network development
- Performance measurement structure development
- Consumer engagement program(s)
- Practice transformation

- Actuarial/underwriting
- Marketing/sales
- Enrollment/attribution
- Infrastructure
- Claims payment/customer service
- Compliance and audit
- Provider-payer contracting

Performance Management/Design



Utilization

- % change visits per 1000 (ER, IP, HHA, SNF, Hospice, Obs. Enc., PC)
- % 30-day, 90-day, 180-day readmissions
- Transitional Care Management % complete

Finance

- Spend Per Member Per Year (PMPY) vs. benchmark

Quality

- Annual Wellness Visit % complete
- Other care gap closures

Attribution

- Attribution to organization, practice & provider
- % continuously attributed
- % of beneficiaries seen per quarter for Primary Care services

Risk

- Current risk score
- Ongoing Documentation Rate







Value-Based Care Readiness Assessment



SullivanCotter utilizes **advisory services** and **operational experience** to help tailor and deliver a product that will enable health systems to accurately assess their value-based care capabilities

VBC Focus Areas

Primary Care Practice Transformation

Value-Based Arrangements, Alignment and Partnerships

Provider Engagement

Care Team Optimization

Incentive Alignment and Compensation Design

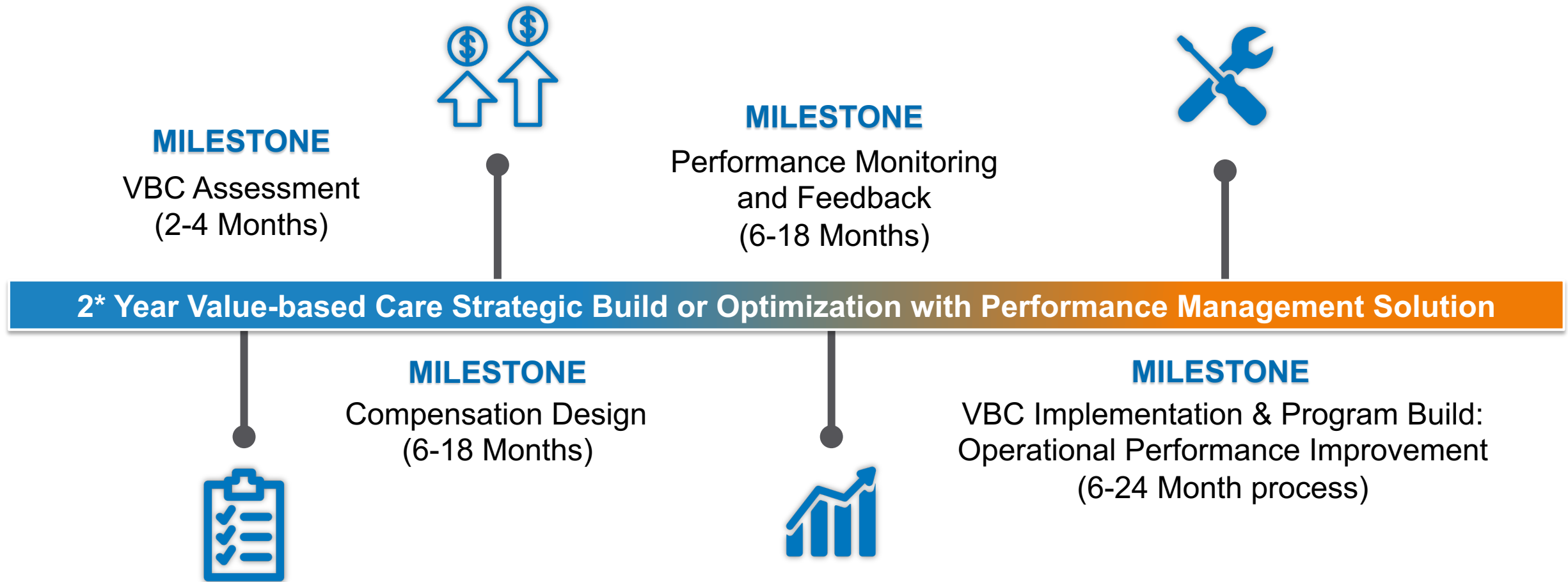
Key Readiness Assessment Deliverables

- ✓ Key findings summary
- ✓ Partnership or alignment options
- ✓ Clinical capacity and network adequacy analysis
- ✓ VBC focus area scoring matrix
- ✓ Performance indicator analysis
- ✓ Organizational readiness roadmap for implementation
- ✓ Recommendations and next steps

Do we have interest in Pilot opportunities?

Optimization

VBC Program Build & Optimization Timing



Questions & Discussion



Thank You



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