Physician Enterprise Performance

Key Learning Objectives

- Physician enterprise performance attributes are unique and require distinct approaches.

- The opportunity to enhance performance is rooted in transparency – creating accountability and trust.

- Achieving sustainable results requires focused execution guided and measured by transparent and consistent data.
In the news…

**Physician practice losses: How much red ink can a health system afford?**
– MGMA 2019

**In the age of data, performance transparency is the new norm**
– Medical Economics 2019

**Do Most Hospitals Benefit from Directly Employing Physicians?**
– Harvard Business Review 2018

**Getting Physicians Involved in the Business of Care and Revenue Management**
– Cerner 2018

**Hospitals Accused Of Paying Doctors Large Kickbacks In Quest For Patients**
– Kaiser Health News 2019

**Driving change through measured performance in the physician enterprise**
– HFMA 2015

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Top of Mind with Healthcare Executives

**4.23 : 1**
The average ratio of staff handling paperwork to doctors.

**30%**
of large employers now offer only high-deductible plans.

**92%**
of patients want transparency upfront on their payment.

**68%**
of patients prefer to pay online.

**$150 billion**
per year value of missed appointments in the US healthcare system.

**$250 billion**
Cost to process 30 billion healthcare transactions each year.

**55%**
of health system revenue is lost due to referral leakage costing ~$900K per physician per year.

**Increasing regulatory complexity**

**$200K loss**
Average loss Per employed Physician

**A superior customer experience doesn’t just strengthen patient engagement — it also correlates to 50% higher hospital margins.**

**Shift from Volume to Value**
Which technology should we deploy?
Poll Question:
Do you know the average net income (or loss) per physician at your organization?

Unsustainable Per Physician Losses

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income, excluding financial support per FTE Physician</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$(287,638)</td>
</tr>
<tr>
<td>2014</td>
<td>$(176,153)</td>
</tr>
<tr>
<td>2015</td>
<td>$(127,799)</td>
</tr>
<tr>
<td>2016</td>
<td>$(184,918)</td>
</tr>
<tr>
<td>2017</td>
<td>$(201,703)</td>
</tr>
</tbody>
</table>

The loss per FTE physician at hospital owned practices continues to be very large and increasingly unsustainable as reimbursement continues to decline.

Source: MGMA National Benchmarks, Hospital-Owned Facilities, Multispecialty with Primary Care and Specialties
Poll Question:
Does your organization have any sort of formal change management or behavioral change structure or plan?

Improving Performance Requires Changing Behavior

Organizations must change behavior to take advantage of opportunities. These three elements must be present and applies to any behavior change an organization wants to achieve.

<table>
<thead>
<tr>
<th>Trust</th>
<th>Transparency</th>
<th>Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust is needed in the accuracy of the data and in those who are delivering the messages. If the data is not accurate, end users will not buy into the changes that leadership is trying to encourage.</td>
<td>Immediate feedback allows personnel to understand if they are making appropriate progress. Democratizing data will empower people to track their own performance and course correct.</td>
<td>Personnel need to have an understanding of the various metrics and how their actions can impact those metrics. Education is important to understand the why, the what, and the how.</td>
</tr>
</tbody>
</table>
Scheduling Gaps

Tracking patient flow is important to maximizing utilization of valuable resources. Understanding variances in utilization by day of week and time of day can identify missed opportunities to treat patients, increase revenue, and reduce the likelihood of leakage to competing organizations.

No Shows

Allocating staff and appointment slots for patients who do not show up prevents providers from seeing patients who want to be seen and reduces the revenue the practice can earn. This can create extended first-available appointment delays and negatively impact patient satisfaction. No Shows should be tracked by provider, practice, specialty, and location and evaluated to identify trends and correction opportunities.
Time of Service Collections

It takes, on average, more than three statements to collect a patient’s balance in full. It also costs four times more to collect from a patient than an insurance company, and with 30% of the average healthcare bill coming from the patient, it’s imperative that practices collect at the time of service.

<table>
<thead>
<tr>
<th>Year</th>
<th>TOS Collections</th>
<th>Encounters with TOS Collections</th>
<th>Total Encounters</th>
<th>Average TOS Payment</th>
<th>TOS Collections</th>
<th>Encounters with TOS Collections</th>
<th>Total Encounters</th>
<th>Average TOS Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$22,691.55</td>
<td>790</td>
<td>2,669</td>
<td>$20,721</td>
<td>$25,881.06</td>
<td>863</td>
<td>2,811</td>
<td>$20.09</td>
</tr>
<tr>
<td>2017</td>
<td>$6,568.51</td>
<td>392</td>
<td>1,493</td>
<td>$25,914</td>
<td>$17,221.42</td>
<td>650</td>
<td>2,401</td>
<td>$32.95</td>
</tr>
</tbody>
</table>

E&M Coding

Practices should closely monitoring E&M code distributions to help reduce the risk associated with inappropriate coding. Identifying variances compared to specialty benchmarks will identify potential outliers who may be negatively impacting practice revenue or not documenting completely.
Practice revenue and associated collections rely on the timely posting of charges. Provider charge entry reports help identify providers who may need additional education on properly utilizing of the EMR or the impact delays have on practice revenue and physician compensation.

### Days to Enter Charges

![Days to Enter Charges](chart.png)

### Managed Care Contracting

Managed care contracts are a core component of revenue and can require intense negotiations. Bringing payer performance data to the negotiation table may result in better negotiated terms and rates. Comparing the speed that payers pay and comparing the rates for the same CPT codes can provide important leverage.

![Managed Care Contracting](chart.png)
Reinforce Change with Dashboards

Data should be presented to end users in a manner that is easily understood. This is an absolutely critical requirement and reinforcement mechanism to drive change. Data must be liberated to support decisiveness. End users need to be empowered by data to immediately impact practice performance.

Summary: Evolving Nature of the Physician Enterprise

Evolution of the Physician Enterprise
- Overriding Focus on Consumer Experience
- Complex Reimbursement Schemes
- Disruptive Technologies
- Expanding Accountability for Cost
- Multiple Definitions of Quality
- Relationships with Health Systems
Thank You

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