

Advanced Practice Providers Optimize Efficiency and Improve Financial Performance

By Zachary Hartsell, Mark Rumans, MD, Julie Bowman, RN, and Jared T. Muenzer, MD

For the past six years, more than 60 percent of healthcare organizations surveyed have increased their advanced practice provider population.

Access to primary and specialty care providers remains a key concern in the United States as populations grow, a shortage of physicians continues, and care distribution deteriorates in underserved communities and non-metropolitan areas. It is estimated that there will be a total shortfall of up to 121,300 physicians by the year 2030, according to new data from the Association of American Medical Colleges.

This shortage will have an effect on quality and performance and allows for potential disruption of the care team, impacting hospital and health system operations.

To help meet this demand for physicians, many hospitals and health systems are rapidly expanding the number of employed advanced practice providers (APPs), making them one of the fastest-growing healthcare workforces. Not only has this workforce more than doubled in the last 15 years, but physician assistants and nurse practitioners were also ranked in 2018 as the third and fourth best overall jobs by *U.S. News & World Report*.

Studies indicate that APPs can enhance the provision of patient care by helping to improve access, quality, service, and affordability and, as a result, the demand for APPs is at an all-time high (Jackson, G.L. et al., "Intermediate Diabetes Outcomes in Patients Managed by Physicians, Nurse Practitioners, or Physician Assistants: A Cohort Study," *Annals of Internal Medicine*, Nov. 20, 2018, and Hylton, H.M., Scardino, T.G., "Improving Access to Care: The Physician/Physician Assistant Team - Development of a Lymphoma-Specific Physician/Physician Assistant Team at a Comprehensive Cancer Center," *Physician Assistant Clinics*, July 2016, Vol.1, Issue 3, pp. 489-497).

According to SullivanCotter's 2018 *Advanced Practice Provider Compensation and Pay Practices Survey*:

- > For the past six years, more than 60 percent of organizations surveyed have increased their APP population.

Advanced Practice Provider Strategy Improves Results

While organizations continue to experience significant growth in their advanced practice provider (APP) workforce, it's important to implement intentional strategic planning and/or coordinated design in an effort to achieve significant results. Healthcare leaders should note that when growth exceeds plans, it can lead to the following costly challenges.

- > Inefficient care models
- > Underutilization of APPs
- > Redundant work between physicians and APPs
- > Misalignment of physician and APP compensation plans, which can lead to unintentional competition for work relative value units (wRVUs)
- > Significant increase in payroll expenditures
- > Growing dissatisfaction among APPs who are not practicing at the top of their licenses, resulting in greater turnover

When leveraged correctly, APPs can generate a noticeable return on investment by helping to achieve key strategic objectives. By keeping the following goals in mind, organizations can develop comprehensive and intentional workforce strategies:

Optimizing clinical care. This often requires changes in how care is delivered, such as where and by which type of provider, clearly defined scopes of practice, and competency training.

Enhancing performance. Aligning physician and APP compensation with organizational goals can drive desired performance and result in improved patient access, satisfaction, and quality outcomes.

Ensuring financial stability. By having the right mix of providers, organizations can better address patient access issues and deliver higher quality care at a lower cost, in turn improving financial performance. Aligning the goals of the provider team is the essence of team-based care and a crucial element in driving value.

Clarifying roles between physicians, APPs, and other team members can enhance workforce satisfaction by potentially reducing turnover and burnout—two growing concerns for health care organizations.

- > Since 2012, employed APP populations have experienced double-digit growth each year with actual growth outpacing projected growth.
- > Actual APP compensation has averaged 0.2 to 0.9 percent higher than planned each year since 2012, and in 2017, compensation grew by 3.6 percent.
- > In 2018, organizations reported an APP average external turnover rate of 11 percent.

Redefining APP Strategy at Phoenix Children's Hospital

To tap into the full potential of APPs and design a workforce strategy aligned with organizational goals, organizations must undertake a deliberate and strategic review of the scope of practice, care team role, levels of engagement, governance, and compensation and reimbursement structures for all APPs.

Consider the success of the Phoenix Children's Hospital (PCH), one of the largest children's hospitals in the country, ranking in 10 specialties by *U.S. News & World Report*. The 433-bed facility recognized the need to utilize APPs more effectively to help transform patient care delivery.

Leadership at PCH realized that their APP workforce had grown swiftly and organically without a comprehensive strategy to support its sustainability. This created obstacles regarding recruitment, retention, deployment, and job satisfaction, and left the organization unable to tap into the full potential of their rapidly growing team of front-line providers.

Committed to keeping up with—and getting ahead of—the pace of change in health care, PCH developed and implemented several overarching goals that included optimizing APPs to top of license, developing competitive APP recruitment and engagement strategies, and positioning the hospital as a top physician and APP employer.

The Results

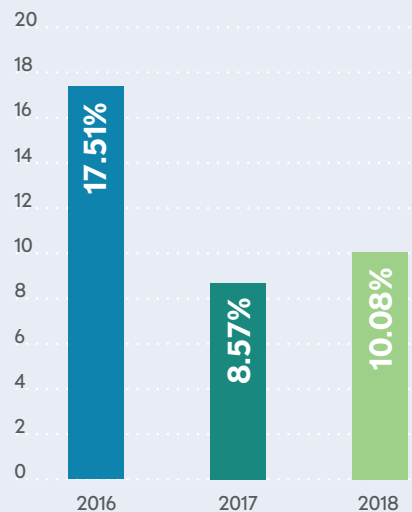
Over a two-year period, the effects of the comprehensive APP strategy were

significant as PCH experienced improvements in quality, access, APP retention, and satisfaction. Results included the following:

- > 50 percent reduction in time to fill APP positions from 79 to 38.5 days
- > APP turnover decreased by an average of 47 percent since 2016.
- > Improved APP and physician productivity in multiple specialty areas:
 - > **Orthopedics:** 197 percent increase in APP wRVUs with no decrease in physician wRVUs. In addition, the efficiencies gained by optimizing the APP role on the care team resulted in a 12 percent increase in surgeries (and accompanying productivity and revenue) with no additional staff.
 - > **Gastroenterology:** a 50 percent increase in APP wRVUs with slight increase in physician wRVUs as a result of APP optimization. This allowed for a 31 percent increase in

APP Strategy Reduces Turnover

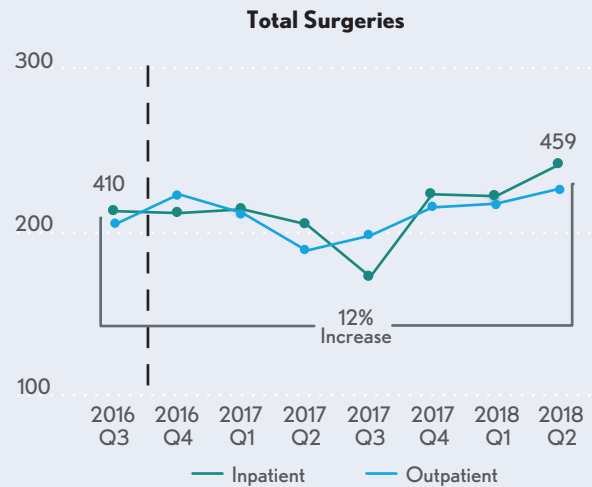
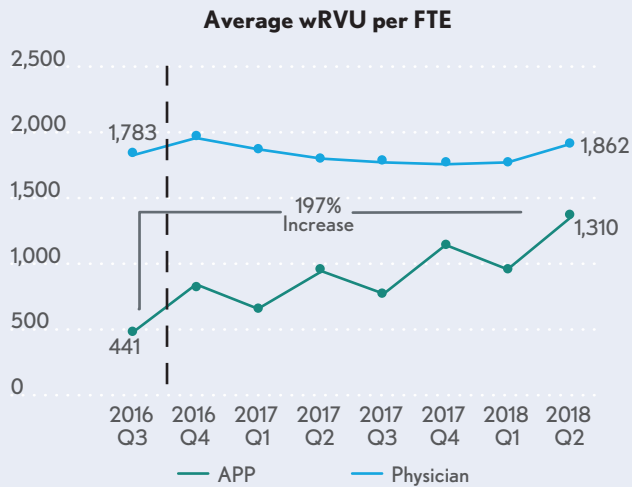
Phoenix Children's Hospital's advanced practice provider (APP) turnover decreased by an average of 47 percent since the hospital implemented a comprehensive APP strategy in 2016.



Source: SullivanCotter. Used with permission from Phoenix Children's Hospital.

Phoenix Children's Hospital Increases Orthopedics Care Using APPs

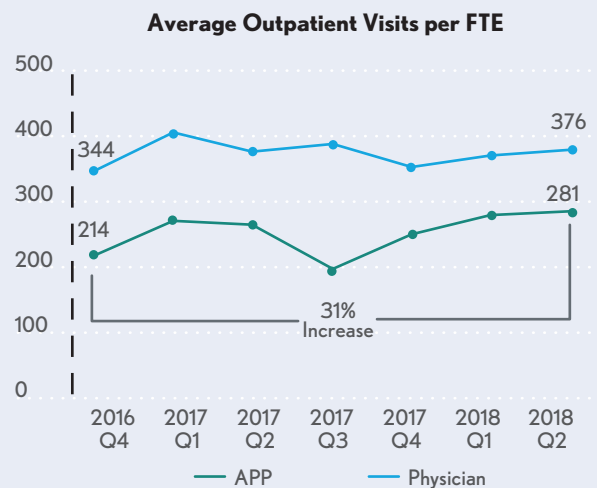
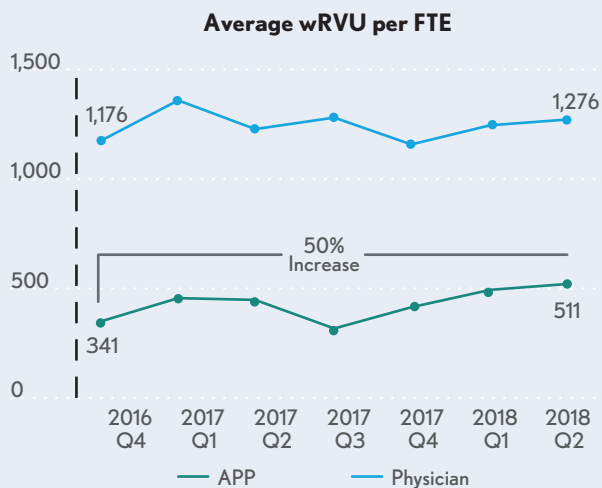
Advanced practice providers (APPs) conducting independent clinic visits allowed for a 12 percent increase in surgical volume and a 197 percent increase in APP wRVUs with consistent physician wRVUs.



Source: SullivanCotter. Used with permission from Phoenix Children's Hospital.

Phoenix Children's Hospital Increases Gastroenterology/Hepatology Care Using APPs

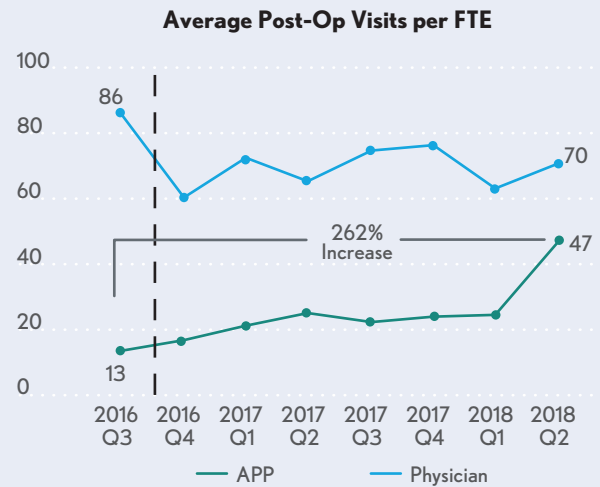
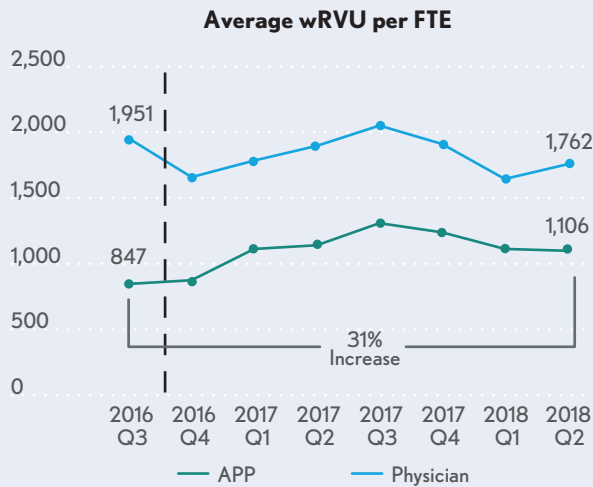
Advanced practice provider (APP) wRVUs increased by 50 percent and outpatient APP visits increased by 31 percent, while physician metrics remained stable.



Source: SullivanCotter. Used with permission from Phoenix Children's Hospital.

Phoenix Children's Hospital Maintains Urology Care Despite Physician Decrease

Despite a decrease in physician FTEs, shifting post-operative visits from physicians to advanced practice providers (APP) allowed APP wRVUs to increase by 31 percent and physician wRVUs to remain consistent.



Source: SullivanCotter. Used with permission from Phoenix Children's Hospital.

APP outpatient visits and a 9 percent increase in physician outpatient visits

- > **Urology:** a 31 percent increase in APP wRVUs and more than a 250 percent increase in APP post-operative visits.

As health care continues to evolve and providers expand their APP workforces, the Phoenix Children's Hospital model can serve as a roadmap for any healthcare organization—non-pediatric or pediatric—to support the critical role APPs play in transforming care delivery, improving performance, and helping to achieve key financial results.

Lessons Learned

This type of workforce strategy also requires alignment of physician and APP compensation programs and is leading to shifts in provider incentive practices. Performance-driven compensation strategies should be customized to the unique needs of each organization and are a critical

component of a comprehensive APP workforce plan.

Other lessons learned during this strategic process at PCH included a clear set of principles for successful program development and implementation:

- > Define team-based care models based on patient needs and clinical specialty
- > Ensure clinicians work to their full potential and support top-of-license practice
- > Build a culture and infrastructure to support integration, retention, and engagement of APPs
- > Measure progress to ensure sustainability
- > Develop a clinical workforce plan that includes all members of the care team
- > Consider implementing an integrated physician and APP compensation program

The APP workforce continues to grow and plays a critical role in transforming

care delivery and enhancing organization-wide performance, and APP workforce strategies must be tailored to support not only optimization of the entire clinical team, but organizational financial sustainability as well. If brought on board strategically, effectively utilized and integrated into the system, APPs can be a key component in addressing physician productivity, driving long-term performance and improving access, quality, service and affordability. ■

Zach Hartsell, MHA, PA-C, is a principal in the APP Workforce at SullivanCotter. zacharyhartsell@sullivancotter.com

Mark Rumans, MD, MMM, is the chief medical officer at SullivanCotter. markrumans@sullivancotter.com

Julie Bowman, MSN, RN, is senior vice president of patient care services and CNO, Phoenix Children's Hospital. jbowman1@phoenixchildrens.com

Jared T. Muenzer, MD, MBA, is senior vice president and COO at Phoenix Children's Medical Group. jmuenzer@phoenixchildrens.com