

Measure, Assess and Improve Medical Group Performance



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Last year, hospitals and health systems experienced some of the most significant financial challenges since the start of the pandemic. Hospital margins are still tracking low into 2023 and, with declining reimbursement and lower patient volumes, this is likely to continue for the foreseeable future. As a result, many organizations are considering how to effectively evaluate performance across all of their assets and especially within the medical group.

Medical group performance can greatly influence the success of a hospital or health system and is critical to maintaining financial sustainability as market pressures continue to mount. In this article, SullivanCotter highlights key characteristics of a successful medical group, discusses best practices in measuring, assessing, and improving performance across the care continuum, and advises on how compensation serves as an important component of this process.

A MEASURE OF SUCCESS

While success can be attributed to a number of different factors, many high-performing medical groups have several foundational characteristics in common.

Foremost is their commitment to the Quadruple Aim of 1) enhancing the quality of care 2) increasing patient satisfaction 3) controlling costs and 4) improving provider well-being and engagement. Supporting this important mix of quality and financial outcomes is critical and goes a long way in helping the group achieve organization-wide goals.

Additionally, there must be a well-defined and organized leadership structure to ensure alignment with system-wide goals. Medical group leadership manages important financial and growth metrics, supports transformation efforts, and helps to build sustainable operating models within a rapidly evolving health care environment.

Lastly, appropriate staffing, effective distribution of resources, and strategic compensation programs must be in place. A medical group may struggle to meet goals if providers are distracted by competition for resources or productivity. Furthermore, compensation planning plays a key role in this area, being mindful that inequities in compensation among providers can create a challenging environment that may be detrimental to the culture of the medical group and further stymie goal achievement.

PERFORMANCE IMPROVEMENT - A FIVE-STEP PROCESS

For medical groups in need of improvement, SullivanCotter recommends undergoing a comprehensive performance assessment, with particular emphasis on provider compensation in step one, to help identify opportunities for improvement and to drive operational and financial success. These five steps include:

1. Conduct Initial Performance Assessment

This initial assessment helps groups understand and identify gaps in current financial and operational performance by analyzing key performance measures and benchmarking to industry market data. In addition to uncovering opportunities for improvement, it also enables groups to leverage core areas of strength. A comprehensive performance assessment evaluates an array of metrics related to clinical volume and productivity, patient access, revenue cycle effectiveness, coding accuracy, provider compensation and non-provider staffing as well as other operating expenses.

2. Quantify and Prioritize Improvement Opportunities

By focusing on key areas identified in the initial assessment, organizations can utilize market data to benchmark performance and identify, and quantify, potential financial gains. This insight allows organizations to strategically prioritize key areas for follow up and performance plan development and implementation.

3. Develop Performance Improvement Plans

Specific objectives and future-state goals should all be addressed and clearly identified. SullivanCotter recommends that the most effective process is to have the performance planning process run through existing committees or task forces with representation from a wide variety of stakeholders, including clinical leadership, to help ensure widespread physician and APP support for any plans developed or changes made.

4. Facilitation and Implementation of Improvement Plans

Collaborating with leadership and other key stakeholders on plan implementation and providing additional analytic support to inform real-time decision making is critical. This is often an iterative process where responsible parties execute the improvement plans, meet regularly to discuss progress and make necessary adjustments, and continually monitor ongoing performance results.

5. Measure Performance Improvement Plan Results

You can't manage what you can't measure. Preparing and presenting scorecards to leadership and other stakeholders helps to provide real-time monitoring and insight into financial and operational improvements. Scorecards are often used to measure ongoing performance improvement during the implementation phase, and to evaluate progress versus specific goals set out in the improvement plan development process.

UTILIZING COMPENSATION TO DRIVE PERFORMANCE

Developing an effective compensation strategy is one of the more impactful ways for organizations to drive desired behaviors and engage providers in performance improvement efforts. Compensation brings physicians and APPs to the table and creates a platform for conversation on how the clinical workforce can collaborate with their hospital/health system partners to optimize performance.

Recognizing there is no 'one-size-fits-all' approach to designing an effective compensation program, there are a few important methods to consider when tailoring plans to unique goals and needs:

- **Performance Incentives:** The most straightforward methodology is the provision of performance incentives. Implementing an off-the-shelf approach is unlikely to result in measurable changes.

Performance measures must be meaningful, measurable, and reliable. Developed in collaboration with providers, measures may combine process (e.g., developing clinical care pathways) and outcome measures (e.g., access measures) and will ideally be reported via a balanced monthly scorecard where success is determined across several metrics and measured on both a group and individual basis. Furthermore, a strong option to consider is implementing minimum requirements to be eligible for the performance incentive – often referred to as ‘gates’ or ‘circuit breakers’. Circuit breakers may range from simple engagement activities such as meeting attendance to more complex financial targets directly tied to the hospital’s operating margin.

- **Performance Programs:** Program and service line initiatives such as co-management agreements and gain-sharing programs are another way to use compensation as a tool to drive performance. Co-management arrangements are contractual agreements between hospitals and physicians that establish shared responsibility for particular service lines. These agreements are commonly structured with an even split between both base and incentive compensation components. Base compensation is tied to the number of management service hours required to fulfill baseline duties, while incentive compensation is linked to strategic performance measures. Gain-sharing agreements are more complex initiatives that seek to align physicians and hospitals by sharing a percentage of any hospital savings resulting from the physician’s work effort toward reducing costs. Gain-sharing agreements may be focused on supply chain-focused initiatives, care coordination and various activities that reduce the cost of care.
- **Greater Collaboration:** A more collaborative provider workforce goes a long way in helping to reinforce medical group performance. There are several compensation methods that can be utilized to help improve team-based care models and provider collaboration. A few examples include:
 - Additional physician compensation tied to APP supervision can drive collaboration and bring a specific look at the way physicians and APPs work together
 - Pooled volume (wRVU) incentives to reward the wRVU productivity of the group rather than focusing on individuals.
 - Group/team measurement of select performance metrics to measure success.

CONCLUSION

As financial pressures continue to mount, performance improvement and optimization efforts will remain an ongoing focus for many organizations. Is your medical group performing to its highest potential and helping to support important system-wide goals? Or are there opportunities for improvement?

A comprehensive performance assessment and improvement plan should be considered if your organization is not meeting the objectives of the Quadruple Aim, lacks an effective physician leadership structure, or requires adjustments to physician compensation to help drive desired outcomes. While a well-rounded compensation strategy is only one piece of the puzzle, it remains a critical component of actively engaging clinical providers in performance improvement efforts.

SullivanCotter offers advisory support and solutions to help your organization measure, assess and improve medical group performance.

To learn more, contact us at 888.739.7039 or info@sullivancotter.com