

Optimizing Clinician Affiliation to Drive Strategy and Performance



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The health care industry is no longer in crisis mode. Financial recovery efforts have been underway for the past couple of years, with many health systems stabilizing the core of their enterprises as they entered into 2024. As these improvement efforts continue, organizations should focus on 'right-sizing' their service line portfolios to identify underperforming functions, drive select programmatic growth, and diversify revenue streams moving forward.

The clinician workforce is critical to achieving these goals and supporting long-term sustainability.

Maintaining effective relationships and fostering greater engagement can help to ensure clinicians are working in lockstep to amplify strategic service lines and enhance clinical performance. As such, many systems are eager to understand and optimize their investment in clinician affiliation arrangements across their entire physician enterprise.

This includes defining the overall number and type of clinicians needed within the system, understanding the different workforce requirements of both employed non-employed physicians by specialty and location, and instituting programs to help clinicians achieve key system-wide goals.

This article will focus on best practices in driving clinician performance through:

- Supporting strategic workforce alignment of employed and affiliated clinicians
- Selecting the optimal physician-hospital affiliation model within your organization
- Reviewing affiliation arrangements regularly to ensure continued alignment

Supporting Strategic Workforce Alignment

Health care systems should assess overall professional service needs in conjunction with the capacity of employed and independent clinicians aligned with core service lines and markets. A comprehensive clinical workforce plan that models the supply and demand – both now and into the future – for physicians and APPs will allow organizations to identify gaps in required coverage and service needs. The objective is to determine how many physicians and APPs are necessary based on geography and the patient population demographics. This assessment will help determine the critical mass of employed and independent clinicians to drive sustainability and select programmatic growth. For example, when a health system is moving into a new market, a workforce plan will help to determine how many clinicians to employ and whether to contract with some physicians to fulfill an unmet need in the community for a particular type of service.

Once gaps in necessary clinical services and coverage are identified, the organization can develop an overall workforce strategy to meet its short- and long-term goals and determine how best to incentivize both employed and affiliated clinicians workforce to meet these objectives.

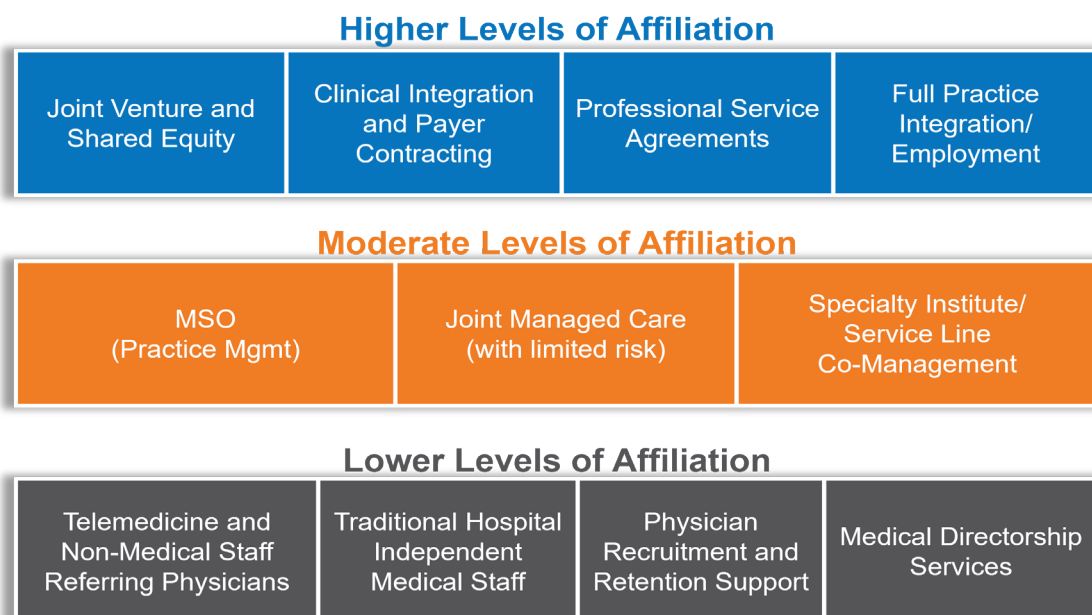
Designing organizational performance metrics and incentives aligned across the enterprise is critical to achieving and sustaining desired results – and can be managed through incentives written into affiliation arrangements. The enterprise must be interconnected with shared accountability and understanding of how individual and group contributions lead to system-wide success. The addition of unified scorecards create an opportunity to align performance goals from the leadership level to individual practices and clinicians.

Performance incentives, by nature, are designed to drive the performance of a particular goal – whether quality-related, operational, programmatic, or financial. The objective is to have everyone ‘rowing’ in the same direction. For example, objectives set at the system-level should be effectively transferable to the medical group or various service lines and create aligned priorities. Similarly, aligning goals between employed and independent physicians within the same service line is key to promoting efficient care delivery. There must be greater alignment of key performance indicators across both employed and affiliated clinicians to help improve service line delivery and achieve pay-for-performance metrics in payer contracts. As the leadership team and employed physicians have incentives to work toward the same goals, it makes sense for the agreements with independent physicians to do the same.

Selecting the Optimal Physician-Hospital Affiliation Model

In order to remain competitive in today’s dynamic environment, health care organizations are seeking to optimize clinical care and enhance performance through a wide range of physician-hospital affiliation relationships and models covering both employed and non-employed physicians. Most health systems rely on a mixture of these models – ranging from low levels of affiliation to full practice integration and employment – which include supportive compensation arrangements and performance requirements aligning with fee-for-service and value-based reimbursements.

There is no one-size-fits-all solution. Organizations should develop a customized approach to managing and strengthening physician relationships based on unique organizational circumstances and affiliation needs. As new partnerships with clinicians are considered, it is important to be intentional in selecting the most appropriate type of arrangement with associated performance metrics and incentives to help drive high levels of performance. Depending on the composition of the system’s existing clinician ecosystem, market forces, competition, and service line objectives, different affiliations might be more effective than others.



Reviewing Affiliation Arrangements to Ensure Continued Alignment

Consistent and structured reviews of clinician affiliation arrangements should be conducted using a standard scoring methodology to support continued alignment with strategic goals and service line performance expectations. This also helps organizations assess if they are getting the services for which they are paying and ensure clinicians are meeting contractual obligations.

Although the criteria used will vary slightly based on type of affiliation arrangement, it is important to evaluate the following requirements:

- Drives service line strategic and financial performance
- Aligns with organizational needs for transition to population health and increased managed care risk-based reimbursement arrangements
- Ensures adequate number of clinicians to support greater patient access and high quality of care
- Supports timely and effective decision-making on operational and performance-based issues
- Drives intended results through a sustainable financial model
- Enables effective measurement of results and ability to monitor performance across all metrics and incentives.
- Fulfills legal and regulatory requirements such as consistent fair market value (FMV) and commercial reasonableness
- Considers external and strategic market forces such as payer contracts, shifts in community needs, and succession planning

Conclusion

As organizations optimize their portfolios to focus more acutely on improving key service lines and enhancing long-term financial sustainability, it is necessary to ensure that a strong clinical workforce plan with effective affiliation arrangements is at the core of this. This not only includes putting the right clinicians in the right place at the right time, but also effectively engaging them in ongoing performance improvement efforts. A well-considered clinician affiliation strategy – one that is based on the unique goals and circumstances of each organization – will lay the foundation for maintaining effective relationships with both employed and independent physicians, help to align performance metrics and incentive compensation across the enterprise, and support strategic service line delivery and programmatic growth moving forward.

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