

Physician Compensation and Value-Based Care Case Study



Moving forward in a new value-based environment, organizations must align clinical compensation and reimbursement programs to maximize payer contracts and incentives.



Private, not-for-profit health system with revenue of approximately **\$3 billion**

Strategic focus on improving **value-based reimbursement**

Physician compensation plan incentives were **not effectively aligned** with payer P4P incentives

Challenges



- Historically **realized only 27% of P4P incentives** in payer contracts
- **Paid employed physicians more than \$10 million** in unrelated performance incentives, however only **received \$5 million from payer awards**
- Health system **did not regularly measure payer contract performance** and was not focused on the payers with the largest dollar incentive opportunities
- The value-based incentive components in certain specialists' compensation plans could not be influenced by the particular specialty and were also **not tied to payer-specific awards**
- Providers were not aware of how their performance influenced the health system's reimbursement and **only 25% of physicians regularly reviewed their performance measure scorecards** despite them being readily available

Approach



- **Assessed historical performance of payer incentives** to identify those with the highest P4P incentive opportunities by metric category/type
- **Reorganized service line/physician goals with payer contract metrics** that had unrealized financial growth opportunities and other metrics that indirectly impacted overall contract performance and cost of care
- Created a financial model to **measure the impact of the new value-based measures**
- **Facilitated Steering Committee and multiple work groups** to assess project findings and develop recommendations for leadership

Outcomes



- Created **distinct physician compensation incentive plans** – including metrics, weighting and performance thresholds – **by specialty grouping**
- Incentive components are **aligned with payer contracts** to **encourage improved patient outcomes and cost efficiencies**
- Utilized innovative Performance Suite platform by Clinician Nexus to **ensure regular reporting**
- Recommended **review of care teams and infrastructure** necessary to effectively support providers and improve quality scores and patient outcomes