Beyond the Aggregate

Driving Long-Term Sustainability Through Specialty-Level Assessments

Health care organizations are under growing pressure to understand where clinical workforce investments are creating value, as well as where financial losses are becoming unsustainable. Declining Medicare reimbursements are now compounding alongside sharp increases in workforce costs. The cost of doing business is also escalating rapidly, with physician compensation rising between 11% and 17% over the past five years and advanced practice provider (APP) compensation climbing between 14% and 17% over just three years.

To survive these mounting financial pressures and workforce shortages, organizations can no longer afford to manage their clinical workforces as broad, indistinct entities. Instead, they must understand these financial changes in greater detail to balance workforce efficiency with clinical effectiveness and secure a foundation for long-term success.

The Challenges of Aggregate Analysis

Many health systems assess medical group financial performance only in aggregate, tracking overall losses without a clear line of sight into how individual specialties are performing. This broad approach obscures true financial dynamics and creates substantial operational roadblocks, including:

- **Benchmark Distortion:** Effectively benchmarking overall financial performance against national data is difficult when dealing with a diverse multispecialty mix.
- **Limited Visibility:** Leaders gain little to no insight into how specific specialties directly contribute to the medical group's overall financial performance.
- **Goal-Setting Uncertainty:** When health systems lack clarity regarding sustainable loss levels, leadership struggles to set realistic financial targets.

Without granular visibility, medical group financial losses can easily spiral to unsustainable levels, sometimes approaching hundreds of millions of dollars. To address these escalating losses and ensure long-term viability, organizations must move beyond the aggregate and understand exactly how their medical groups are performing based on actual investment and return by specialty.

A Specialty-Specific Assessment Methodology

Transitioning to a specialty-specific assessment methodology provides the clear data needed to identify the most actionable opportunities for financial and operational improvement. By evaluating each specialty individually – including both hospital-based and non-hospital-based fields – leadership can apply specific financial indicators rather than relying on generalized assumptions.

Health systems must utilize robust and dynamic datasets to compare performance to peer groups and identify potential cost and productivity improvement opportunities. Advanced benchmarking resources, including SullivanCotter's *Medical Group Compensation and Productivity Survey* and customized cuts of Strata Decision Technology's Axiom Market Insights, provide the necessary peer benchmarks across critical areas.

To gain an accurate understanding of where financial resources are being consumed and where they are generating value, performance should be measured using metrics such as:

- Net income or loss per full-time physician
- Net income or loss per full-time provider
- Net income or loss per work Relative Value Unit (wRVU)
- Net income or loss as a percentage of medical revenue

By customizing these industry benchmarks, SullivanCotter can offer a more robust set of data to reveal valuable market intelligence, insights, and solutions. Because they are updated monthly, these benchmarks provide timely market intelligence that can be further abstracted by geographic region and entity size. Further, gaining more granular access to support staff information at the job function level – within both clinical and business operations support staff categories – helps health systems answer the foundational question of whether the cost of delivering care is truly sustainable. This direct visibility allows leaders to identify whether specialists, APPs, and support staff are working at the top of their capabilities.

Outcomes and Strategic Benefits

Assessing performance at the specialty level helps organizations identify where targeted improvements can support long-term financial sustainability. Breaking down the aggregate view often reveals that a large share of the total improvement opportunity is concentrated in just a handful of key specialties.

A targeted approach delivers several key outcomes:

- **Maximized Financial Impact:** Analyzing just the top five specialties can frequently account for over half of the total financial opportunity, unlocking tens of millions of dollars in potential improvements.
- **Prioritized Resource Allocation:** Leaders can use granular data to prioritize limited capital and operational resources effectively.
- **Tactical Improvement Roadmaps:** This approach provides the concrete data necessary to design a practical roadmap that allows the system to capitalize on defined financial opportunities.

Evaluating medical groups by individual specialty is a critical strategy for maximizing clinical workforce value, protecting the organization's bottom line, and securing a sustainable future in an increasingly volatile market. Leveraging real-time, customized datasets supports this approach and empowers health systems to move beyond static, aggregate reviews.

Armed with monthly updated market intelligence and job-level support staff data, leadership can confidently navigate mounting industry headwinds, balance clinical efficiency with effectiveness, and build a controllable strategy for long-term operational success.

Partnering with SullivanCotter

For more than 35 years, SullivanCotter has combined proprietary benchmark data with independent advisory services to help health care organizations make more informed workforce, compensation, and performance decisions.

Ready to move beyond the aggregate? Contact SullivanCotter today to learn how a specialty-level assessment can uncover your organization's most actionable opportunities for improvement.

Contact us to learn more