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It is no trade secret that physicians drive quality and medical spend in the health care industry. Across the nation, health systems, Independent Physician Associations (IPAs) and Accountable Care Organizations (ACOs) are challenged with effectively partnering with their physicians to achieve high quality outcomes and reducing the total cost of care. Those organizations most successful in managing risk often demonstrate a common set of key organizational qualities: engaged clinical leadership, aligned financial incentives, satisfied and productive providers and credible data.



As value-based payments (VBP) continue to lead the reimbursement landscape in the United States, provider organizations are grappling with how to adequately incentivize their physicians and hold them accountable for improving quality outcomes and reducing health care spend. Here are some of best practices and lessons learned across the country in how to engage physicians as providers move to taking on risk.

Physicians *want* to help reduce unnecessary health care spend. Show them how.

Administrators spend many hours a day reviewing financial statements, quality reports, satisfaction scores and utilization rates. Unlike their physician counterparts, administrators are knee-deep in trying to solve the never-ending questions: How can we reduce our costs? How do we improve our member satisfaction scores? What do we need to do to achieve top quality scores? Physicians may or may not be brought into these conversations in a meaningful way but they do want to help be part of the solution to reduce inefficiencies and unnecessary costs.

A common complaint from physicians is that they lack credible data and information to help make better decisions for their patients when it comes to cost and quality of care. Former Healthcare Partners CFO, Matthew Mazdyasni shares, "It is extremely powerful when physicians are educated about the components of total cost of care and examples of how to reduce costs, improve quality or patient receiving timely care in the most effective setting. You need to provide timely and accurate reports to the physicians along with plans and actionable steps. An example could be patients who haven't had certain tests and the process to identify them at the point of service."

Empowering physicians to have transparency into the cost of care by providing them with tools and resources to understand the clinical best-practice options for their members will help drive improvement. For instance, there are dozens of reasons primary care physicians (PCPs) send patients to high-cost specialists, though they may make different choices if decision-making support was readily available. Educating PCPs on alternatives is key to guiding physicians to shift their referral patterns and to make the best choices in a value over volume based environment. Strategies for empowering physicians to use data for decision support include:

- ✓ Share data reports and analytics with physicians only after the data has been fully tested and validated. If a physician finds errors in their data they will be far less likely to trust or buy in to whatever it is the provider organization is attempting to do.
- ✓ Understand costs and profile by physician. Regularly run reports and look at vital signs such as admits per 1000 and specialty referral patterns using risk-adjusted utilization data.
- ✓ Data should be shared on a regular basis, at least quarterly.
- ✓ Identify outlying physician performance and spend time understanding why they are performing worse or better than their peers. Educating providers on how they measure up against their peers will fare better than comparing them to national benchmarks
- ✓ Only provide physicians with simplistic, meaningful reports. Overwhelming physicians with too much data, and/or data that is not directly related to their care delivery will decrease the likelihood that they review reports.

Be a partner of choice for your physicians.

Physicians are spending more time than ever in a board room and in meetings with administrators making decisions about how they should conduct their practices. These conversations often focus on decisions related to whether or not to join an ACO or IPA, whether to be exclusive to that ACO or IPA, weighing the financial pros and cons of each and how it will impact direct patient care. As physicians take time away from their patients to weigh these important decisions, provider groups should seek to differentiate themselves to become the partner of choice. Whether a provider group employs their own physicians or partners with them through contractual arrangements, there are simple solutions that can be implemented to become the preferred partner.

James Slaggert, former CEO, Medical Group Foundations, Providence Health and Services and former Vice President, Integrated Health Networks, Catholic Health Initiatives shares, "Formal physician leadership is crucial for the success of an IPA or ACO. This is extremely important at the governing board level, where a physician should be the chairperson, as well as in all board committees. The identification and selection of physician leaders must go hand in hand with education on the clinical and business purposes of each committee, as well as orientation and education on governing board process and fiduciary responsibilities. If physician leaders are set up for a successful leadership tenure, the organization and patients will ultimately benefit."

IPAs and health systems may acquire a reputation for only seeking profitability. This can scare some physicians away from wanting to partner with or join an organization. It is critical to understand the needs and desires of physicians and recognize that financial incentives only motivate so far.

- ✓ Build an organization with a culture of quality (both clinical and administrative) from day one.
- ✓ Offer attractive compensation in addition to capitation such as an annual quality bonus or a monthly care coordination payment to provide physicians the financial support needed to develop the infrastructure needed for patient-centric care.

- ✓ For contractual arrangements where members are assigned to a PCP, the more attributed members a physician has with a single health system/IPA/ACO, the more engaged and vested they are, the more important the compensation structure for that organization becomes. For capitated physicians, the critical mass of members can be very lucrative. Provider organizations can run reports by PCP to identify those physicians with little membership and drive conversations with them to help bring in more membership through exclusivity arrangements or recruitment efforts.
- ✓ Host physician round tables or Town Hall meetings to allow providers an opportunity to voice their opinion and collaborate with their clinical peers.
- ✓ For IPAs, the more ownership a primary care physician (PCP) can have in the IPA, the more likely they will be engaged in quality improvement and cost control interventions.

Incentives work- if they're done right!

Depending on which study you look at, anywhere between 40 to 60 percent of physicians in the United States report having some type of incentive linked to their compensation. One could hypothesize this would lead to improved outcomes and reduced cost but data thus far has yet to demonstrate that this is the case. While incentives can be a powerful way to inspire physicians to make recommended changes in their practice and behaviors, identifying and implementing the most appropriate incentives for your physicians is key. Matthew Mazdyasni advises on best practices, "Every incentive plan should be designed based on desired outcomes, specific metrics, physician culture, correlation of the incentive to the base compensation, level of difficulties to achieve and any regulatory or legal limitations."

Government payors such as the centers for Medicaid and Medicare (CMS) are also offering financial incentives for organizations participating in advanced payment methodologies (APMs) such as through the MACRA bonus program. Commercial payors are developing their own custom incentive programs for physicians that may or may not align with government entities. There is no clear right or wrong way to incentivize physicians, and it will not be standard across the board, but here are some of the most impactful incentives they have seen and implemented in multiple markets.

- ✓ Align quality and financial incentives as much as possible. Understanding all of the at-risk metrics an organization has and aligning those incentives will help to reduce the number of interventions and activities a physician will need to do to reap the benefits.
- ✓ Be transparent in sharing with providers their progress on incentive measures and performance relative to their peers and nationally. Engage providers through physician dashboards and/or provider report cards to allow physicians to make real-time updates to their care delivery in alignment with their incentive measures.
- ✓ The frequency of the distribution of incentives is top of mind for physicians. Consider making quarterly payments with a strong reconciliation process done no less than annually.
- ✓ Out-of-network leakage remains one of the largest cost drivers in risk arrangements. Providing financial incentives for PCPs and specialists to have access and availability of appointments for their members is one way to help members choose to stay within the network.
- ✓ Leverage hospitalists and offer primary care physicians bonus payments if they see their members within 48 hours of being discharged.
- ✓ For clinically integrated networks, potentially offer higher compensation and rates for physicians that elect to have exclusivity with your IPA or ACO. The more members they have within one organization, the more meaningful its success will be to them, and the more likely they are to be an active participant in reducing cost and improving quality outcomes.

The happiest physicians have the best outcomes.

Physicians that consider themselves “happy” in the workplace are more likely to have good staff engagement linked with higher-quality patient care and safety, better patient experience and higher productivity. As the Institute for Healthcare Improvement (IHI) has put a spotlight on physician “Joy in Work,” more physicians are seeking employment and partnership with organizations that place a high value and focus on their happiness in the workplace.

Physician burnout is occurring across the board and as the nation combats the provider shortages, physicians have many choices for where they elect to work. Provider organizations with known reputations for promoting joy in work and physician satisfaction will be highly sought.

- ✓ Celebrate successes - even the small ones! For example, consider public recognition and acknowledgement for physicians with high patient satisfaction scores.
- ✓ Measure provider satisfaction regularly. Be open to discussion with your provider network and make adjustments that are in line with providers’ needs and strategic objectives for the organization.
- ✓ Leverage hospitalists to the extent possible and allow them to admit members and take care for them while in the facility. PCPs can avoid these frustrating trips to the hospital, and thereby experience less burnout and exhaustion.
- ✓ Provide detailed reports and care plans after admissions to allow providers to stay informed and involved in their member’s care regardless of setting as well as potentially improve quality measures associated with follow-up care after emergency room visits.
- ✓ As physicians near retirement, they may look to reduce their hours in practice. Arrange part-time employment options for providers looking to cut back on working hours and help develop a partnership with another physicians to slowly take on the members so there is a smooth and easy transition for the physician when he/she retires. This can also be helpful for those physicians who would like to take on other work outside of the exam room such as medical missions, consulting, volunteering, etc.

In the face of ambiguous legislation, the health care sector must move forward with the transformation of care delivery. Value-based payments and in particular, risk sharing in medical groups, are the future of financial sustainability for health care providers. To the extent they can be controlled, the above strategies are key to engaging physicians in improving the cost and quality of care delivered.

For more information on how to navigate the shift to risk and engage physicians, please contact Carla D’Angelo, Vice President, COPE Health Solutions, at cdangelo@copehealthsolutions.com or Allen Miller, CEO, COPE Health Solutions at amiller@copehealthsolutions.com. They can both also be reached at 646-768-0006.

