Lilypad Webinar 1
Provider Productivity and Compensation

October 21, 2019 3:00 EST

We will record this webinar and send out a link to the recording as well as the slides after the webinar

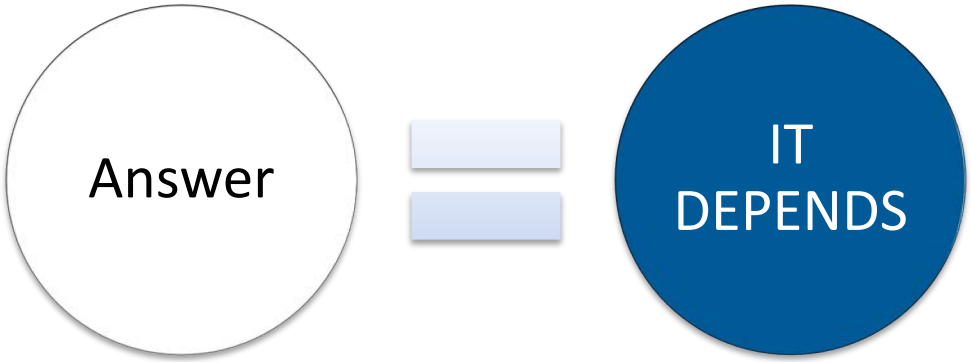
All participants will be muted

What We'll Cover

RHC Compensation and Productivity
RHC Fun Facts
POND® Program for your clinic

PRODUCTIVITY – USING COMPENSATION TO DRIVE RESULTS

What Are We Trying to Incentivize?



Consider:

- How are we currently reimbursed?
- How do we expect to be reimbursed in the future?

Compensation must address both!

Everyone has elements of fee-for-service today, but we know the future (if not today) is value.

Fee-for-Service Compensation

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- Productivity is a critical component of compensation – 75% of employed physicians receive productivity incentive compensation
- WRVUs are the most common and easiest to measure
  - Issues with WRVUs:
    - ✓ Not always appropriate for primary care (consider panel size or patient visits)
    - ✓ Do not consider payer mix (great for docs; bad for hospitals)
    - ✓ When are they tracked - date of service or date of claim?
    - ✓ Trusting the data
- Applying productivity compensation correctly
  - What is the appropriate rate?
  - What is fair market value?
  - What is the total effective compensation?
- Must be regularly adjusted

Quality Compensation

- What is quality? Most are familiar with PQRS (Physician Quality Reporting System) and 43% of contracts pay out incentive compensation for quality
- How do we shift to think of quality as **VALUE**?
- Patients are now consumers, so consider what creates value for patients
- How does this translate to revenue for the system – take into consideration your reimbursement methodology (cost-based) and ACO participation

Tier	Description	Outcome Measurement *
Tier 1	Health State Achieved or Retained (survival, degree of health or recovery)	Mortality rate Functional level achieved Ability to return to work
Tier 2	Process of Recovery (time to recovery, disutility of care or treatment process)	Time to return to work Occurrence of deep vein thrombosis Occurrence of myocardial infarction
Tier 3	Sustainability of Health (recurrences, long-term consequences)	Maintained functional level Presence of regional pain syndrome Susceptibility to infection

*Based on procedure such as a hip replacement

Source: Merritt Hawkins, 2018 Review of Physician and Advanced Practitioner Recruiting Incentives
"Measuring Health Outcomes" – NEJM December 2010

KEY DRIVERS FOR COMPENSATION PLAN SUCCESS

Four Critical Elements

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- Uniformity with flexibility
- Ease of understanding and executing
- Clear communication
- Data - Timely, Consistently and Accurately

There is no such thing as a
HAPPY
compensation plan,
But there is a
FAIR one.

Uniformity and Flexibility

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- Standard compensation plan template provides the uniformity:
  - Medical staff privileges
  - Quality expectations
  - Expected hours for patient face-to-face engagement (aka – clinical hours)
  - Termination agreements
  - PTO and CME expectations
  - Base administrative expectations
- Addendum provides the flexibility:
  - Compensation
  - Medical director responsibilities
  - APP supervision

Ease of Understanding and Executing

- Physician compensation committee
  - What is easy to understand for administration may not be easy to understand for physicians
  - Take into consideration compensation market, review options and approve plans and policies
  - Should always include a physician – preferably one whose comp is not affected by the plan (e.g. – CMO)
- Must be education regarding the plan
  - How will incentives be measured?
  - What are the key time periods?
  - Internal baselines or national/market benchmarks?
  - What is the basis for the incentives?

Clear Communication

- Top down executed compensation plans rarely maximize the desired results
- Key areas of communication
  - Education around physician compensation trends across the country and the market create engagement with physicians
  - Clear explanations of the model:
    - How does this fit into the larger financial picture of the health system?
    - Productivity: WRVUs versus panel size
  - Continuous feedback - communication should be ongoing and a dialogue
  - Email is not your friend!
  - Follow up – if physicians express concerns, do not leave them hanging regarding answers

Data - Timely, Consistently and Accurately

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- "In God we trust. All others bring data."
- Most critical **time** to establish data trust is the historical data for 12 months prior to rolling out a new plan and the initial 12 months executing the plan
- In person engagement sessions to review any measurement impacting compensation must be done **consistently** – once a month
- Data around compensation is a starting point
  - Once confidence in data **accuracy** for compensation is established, engagement around other data is the next building block
  - How can this data be used and built upon for patient management? Scheduling template adjustments? Payer contract negotiations?

KEY TAKEAWAYS

Top 5 Mistakes Made in Physician Compensation

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Inconsistency	Contracts, valuation opinions, and payroll are not standardized, documented, or executed consistently.
Commercial Reasonableness	Desperation leads to throwing money at recruitment and retention rather than stepping back and determining what makes sense. Often opportunities for non-monetary compensation are overlooked.
Wrong People at the Table	Organizations take a top down approach with compensation and do not involve the practice administrator or the physicians.
Survey Says	Hospitals assume MGMA median will protect them from a compliance standpoint – it won't. The OIG has consistently come out saying surveys are not the final word on FMV. Do your homework and have a proper valuation.
Monitoring	When compensation requires supervision, minimum clinical hours, or administrative duties, monitoring of scheduling and documentation is critical.

Check Your Pulse: 3 Examinations To Do Now

1. **Examine your current contracts in place** – are they documented? Are they consistent? Are they being executed the way you think?
2. **Examine your incentive compensation** – are you 100% salary or do you have incentives? Do your incentives make sense?
3. **Examine your compliance risk** – what do the proposed Stark law changes mean for you? When was the last valuation performed? CONSISTENCY WITH SURVEYS IS NOT ENOUGH!

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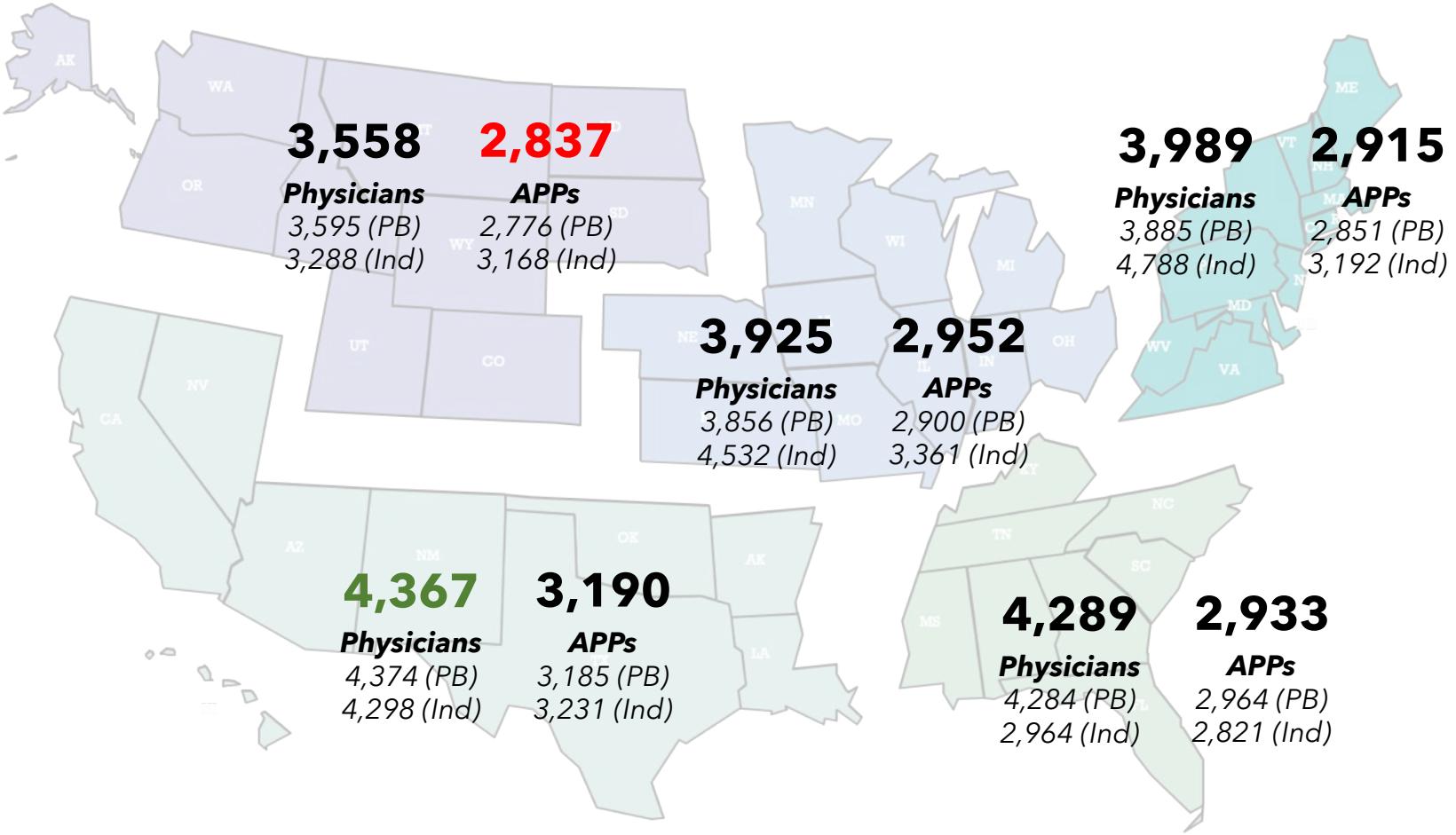
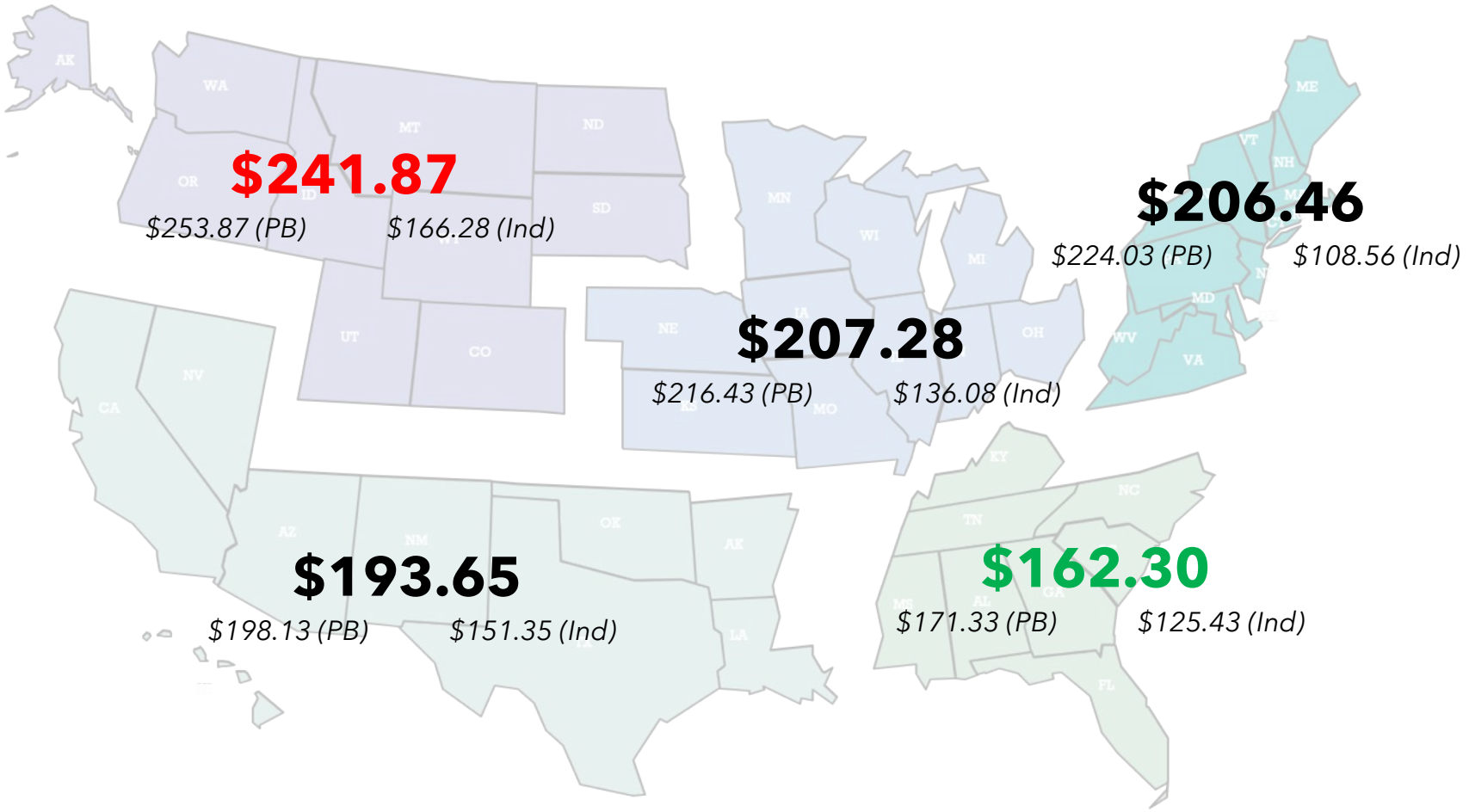
RHC Fun Facts

Visits per FTE Provider
Cost per Adjusted Visit

Visits per FTE Provider



Cost per Adjusted Visit



About POND®

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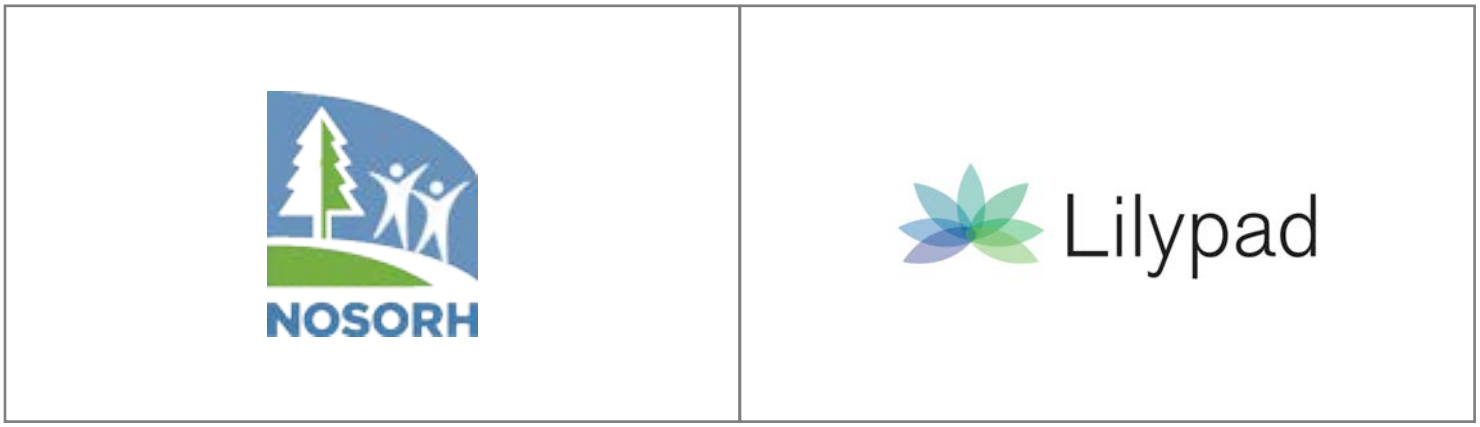
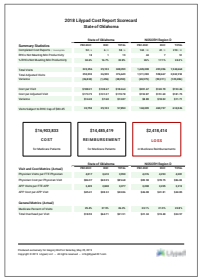


Developed by Lilypad, POND® is the only analytics and benchmarking system dedicated specifically to rural primary care practices

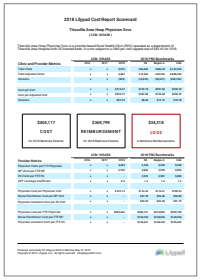
How Does It Work?

Cost Report Scorecards

State Scorecards

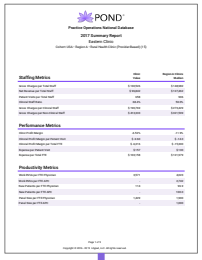


Clinic Scorecards



POND Analytics

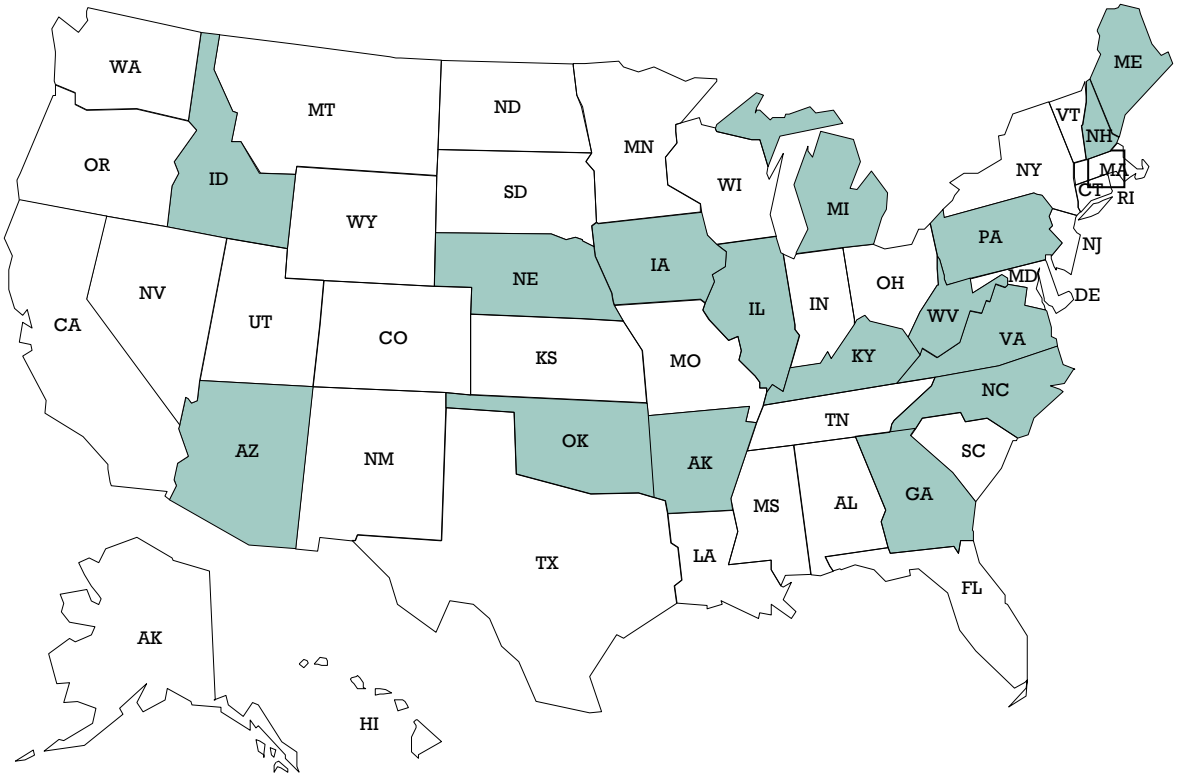
Clinic Scorecard



Interactive Tools

To gain access to these reports and tools the required data must be entered into the POND web application

Our Current States



If you are located in one of these states you have access to the POND program right now

Join Us Next Month

Understanding Clinic Designations and Strategy

Monday, November 18th at 3:00 EST

Thanks for Joining

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