

THE ACADEMY LUMERIS STRATEGIC TRACKING SURVEY

Q2 2018 TRACKING: PHYSICIAN ALIGNMENT

JULY 2018

UNDERSTANDING PHYSICIAN ALIGNMENT STRATEGIES

INTRODUCTION

As health systems continue to employ physicians and compensation models move towards value-based payment, it is becoming increasingly important for physicians to be aligned in their financial incentives and care delivery objectives. In response, health system leaders are pursuing a range of strategies to align physicians both professionally and personally around a common set of values.

The Health Management Academy (The Academy) conducted a survey of Leading Health Systems to assess how senior executives are using physician leadership structures and organizational infrastructure to create stable and long-lasting physician communities.

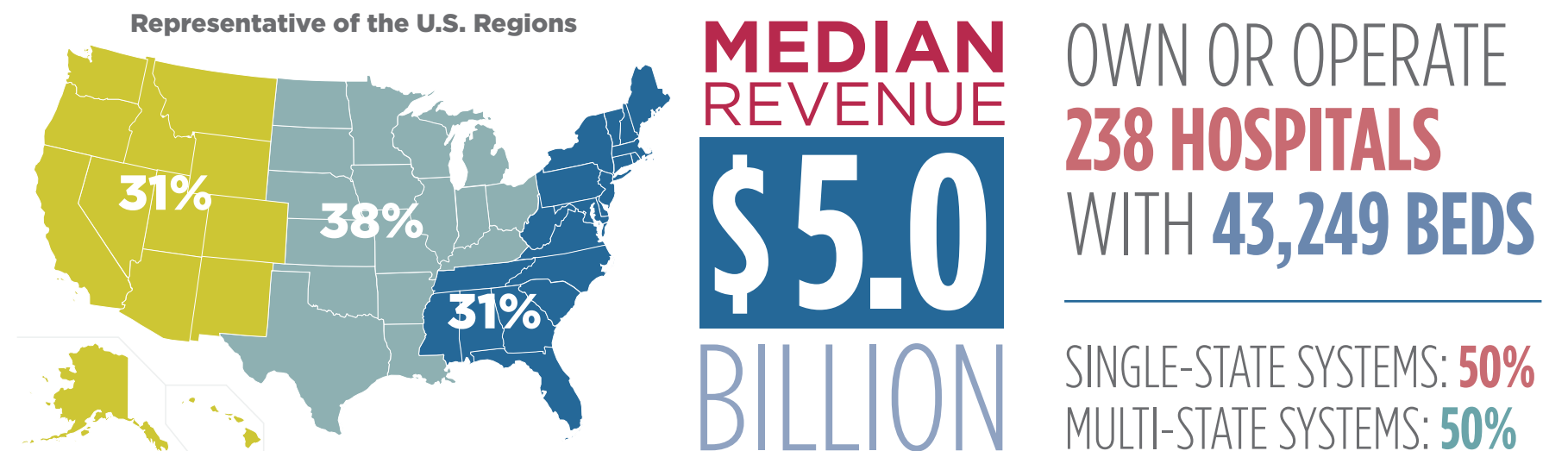
METHODOLOGY

In June 2018, The Health Management Academy (The Academy) conducted the fifteenth round of phone interviews for its quarterly strategic survey among 16 senior Leading Health System executives, including: CEOs, COOs, CFOs, CMOs, CNOs, and CSOs.

The survey for the interview consisted of:

1. A tracking section that provides insight into trends around primary strategic areas; and
2. A special topic area that allows for an in-depth look into a timely, developing issue.

PROFILE OF PARTICIPATING HEALTH SYSTEMS

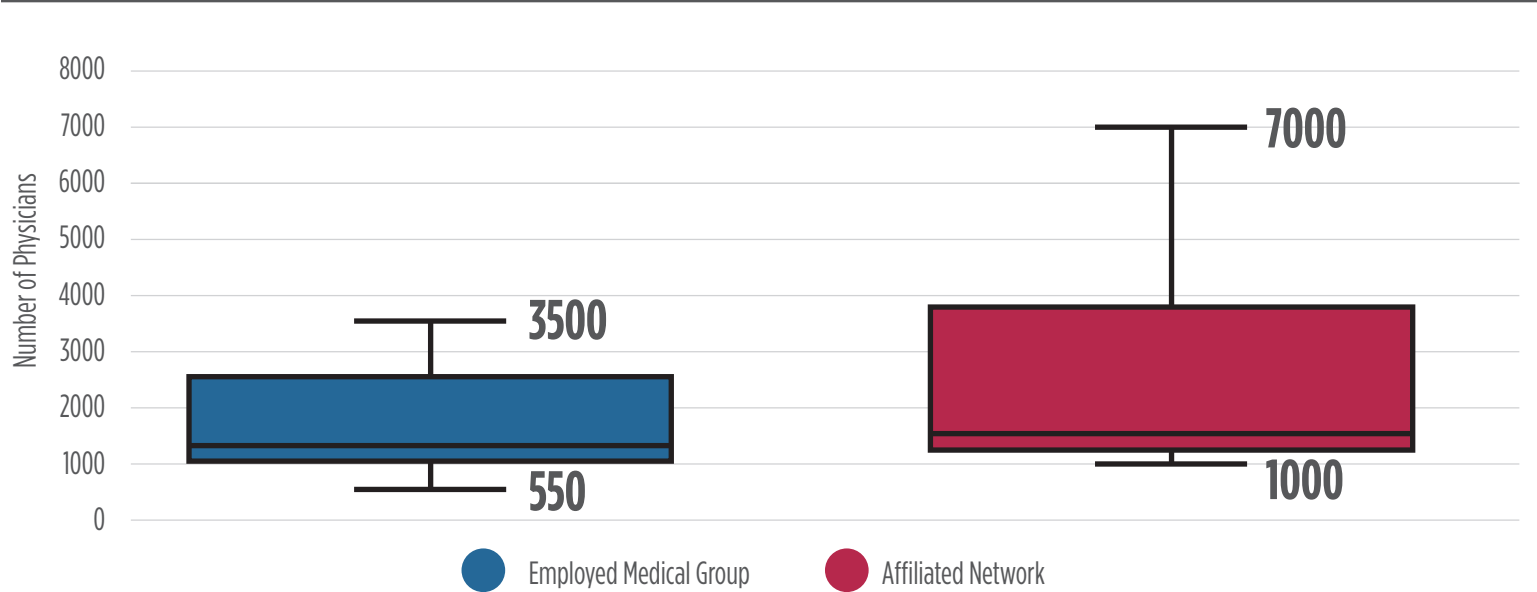


KEY FINDINGS

1. The majority (88%) of responding health system executives expect the size of their medical group to grow by 1-10% in the next year, with most focusing on growing representation of primary care.
2. Nearly all (94%) responding systems have a medical group leader, with most (69%) leaders solely responsible for the system's employed physicians.
3. Health system strategies to align physicians include developing a clinically integrated network, building financial incentives around delivering high-quality care, creating effective feedback and communication mechanisms, and cultivating employee culture.

MEDICAL GROUPS EXPECTED TO GROW IN SIZE WITH AN INCREASING FOCUS ON PRIMARY CARE

HOW MANY PHYSICIANS ARE IN YOUR EMPLOYED MEDICAL GROUP AND AFFILIATED NETWORK?



While the median sizes of the employed medical groups and affiliated networks were similar among responding health systems – at 1300 and 1500, respectively – health systems reported significantly greater variation in the size of their affiliated networks. The majority (67%) of responding health systems have affiliated networks larger than the employed medical group.

- 44% of responding health systems had affiliated networks at least 50% larger than the size of their medical group.

HOW DO YOU EXPECT THE SIZE OF YOUR EMPLOYED MEDICAL GROUP TO CHANGE IN THE NEXT YEAR?



The vast majority of responding health systems expect their medical group to grow by 1-10% in the next year. The majority (88%) of all systems plan to focus on increasing primary care representation within their medical groups.

“Roughly two-thirds of our current medical group physicians are specialists. We are trying to increase our primary care, though the numbers are hard to move.” (CMO)

MEDICAL GROUPS EXIST IN VARIOUS ORGANIZATIONAL STRUCTURES

Almost all (94%) responding health systems have a Medical Group Leader. Medical Group Leaders report to the System CEO, System CMO, System COO, or Board of Directors;

The majority (69%) of Medical Group leaders are responsible for the system's employed physicians, however do not maintain responsibility over the affiliated network.

Most health systems fell into one of two categories:

- Those who created a role to lead the medical group, most of whom reported to the system CMO or COO; or
- Those who put an existing executive position in charge of the medical group, most of whom reported to the system CEO or Board of Directors.

C-Suite Roles which sometimes act as the Medical Group Leader

Chief Medical Officer (CMO)

Chief Administrative Officer (CAO)

Roles Created Lead the Medical Group

CEO or President of the Medical Group

COO or SVP of the Medical Group

Executive Medical Director

Chief Executive or Associate Physician in Chief

“Our CMO is responsible for only our employed physicians; a different executive is in charge of the clinically integrated network.” (CFO)

MEDICAL GROUPS EXIST IN VARIOUS ORGANIZATIONAL STRUCTURES

As health system medical groups continue to grow, physician alignment remains a high priority for Leading Health Systems. Health systems have implemented a wide variety of strategies to improve physician alignment, from creating incentives around costs savings to organizing social events for clinical teams.

STRATEGIES FOR PHYSICIAN ALIGNMENT

DEVELOPING A CLINICALLY INTEGRATED NETWORK (CIN)	BUILDING INCENTIVES AROUND QUALITY & COST	CREATING FEEDBACK MECHANISMS & COMMUNICATION CHANNELS	CULTIVATING EMPLOYEE CULTURE
<ul style="list-style-type: none">Align employed physicians with affiliated network and medical staffShift medical staff focus to reducing cost of care, increasing reliability, and increasing care access	<ul style="list-style-type: none">Flexible Compensation modelsCommon metrics for safety and health outcomes implemented for all physiciansFormalizing ACO Model	<ul style="list-style-type: none">Administer satisfaction and feedback surveysTown Hall MeetingsMultiple Small Group MeetingsRegular Newsletters	<ul style="list-style-type: none">Reorganize to create hubs for each specialtyHosting annual retreats for clinical teamsOrganizing celebratory dinner and dances for employees

“Most of our efforts around alignment have gone toward developing a CIN. The medical staff really acts as an appendage of the hospital. We want to change that and align the entire staff from the main hospitals to the regional hospitals to uphold the same standards of care quality.” (CMO)

“We’ve reorganized so that our affiliated and employed physicians have a medical home for their specialty, specifically designed to help align and engage their departments.” (CNO)

ABOUT THE ACADEMY

The Health Management Academy (The Academy) is a membership organization exclusively for executives from the country's Top-100 Health Systems and most innovative healthcare companies. The Academy's learning model identifies top priorities of health system leaders; develops rich content based on those priorities; and addresses them by convening members to exchange ideas, best practices, and information. The Academy is the definitive trusted source for peer-to-peer learning in healthcare delivery with a material record of research and policy analysis. Offerings include C-suite executive peer forums, issues-based collaboratives, leadership development programs, research, advisory, and media services. The Academy is an accredited CE provider. More information is available at www.academynet.com.



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ABOUT LUMERIS

Lumeris serves as a long-term operating partner for organizations that are committed to the transition from volume-to value-based care and delivering extraordinary clinical and financial outcomes. We guide health systems and providers through seamless transitions from volume to value, enabling them to deliver improved and more affordable care across populations—with better outcomes. And, we work collaboratively with payers to align contracts and engage physicians in programs that drive high-quality, cost-effective care with satisfied consumers—and engaged physicians.

An industry recognized leader, Lumeris won the 2018 Best in KLAS award for value-based care managed services for helping clients deliver improved clinical and financial outcomes. This was the third year it received this distinguished award. For the past seven years, Essence Healthcare, Lumeris' inaugural client with more than 65,000 members in Missouri and Illinois, has received 4.5 to 5 Stars from the Centers for Medicare and Medicaid Services. Lumeris is committed to delivering these same results with its multi-payer/multi-population clients to meet their goals and missions.

**THE HEALTH MANAGEMENT ACADEMY EXTENDS ITS APPRECIATION
TO LUMERIS FOR THE FINANCIAL SUPPORT FOR THIS PROJECT.**

