

The Health Management Academy

Strategic Survey Q2 2019: Physician Alignment

June 2019

Physician Alignment

Introduction

As health systems increasingly engage in value-based payment arrangements, physician alignment is a crucial vehicle for driving cost reduction and quality improvement initiatives. In an environment that continues to prioritize value, Leading Health Systems (LHS) must have a clearly defined physician alignment strategy to maintain financial viability, optimize care coordination, and increase care standardization.

The Health Management Academy (The Academy) conducted a survey of LHS executives to assess the variation in physician employment structures and initiatives for provider engagement.

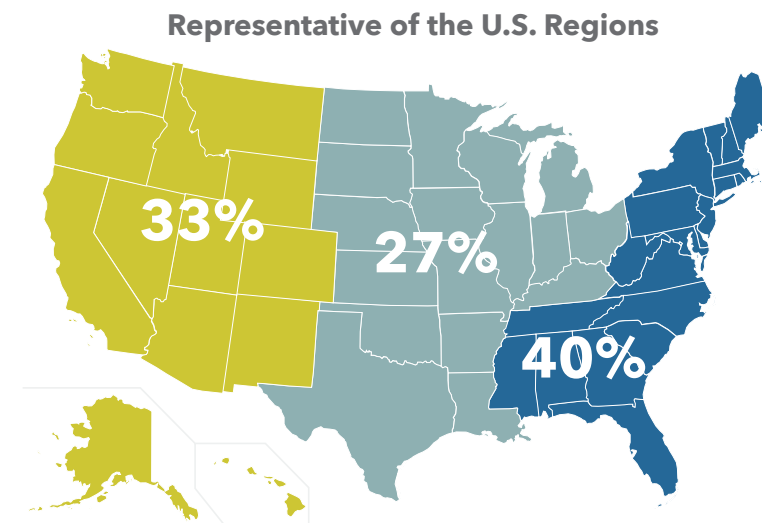
Methodology

In May 2019, The Academy conducted the nineteenth round of phone interviews for its quarterly strategic survey among LHS executives, including: CEOs, COOs, CFOs, CMOs, 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



**MEDIAN
REVENUE**
\$3.4
BILLION

OWN OR OPERATE
193 HOSPITALS
WITH **37,964 BEDS**

SINGLE-STATE SYSTEMS: **60%**
MULTI-STATE SYSTEMS: **40%**

Key Findings

1

Structure

Most health systems (80%) have affiliated physician networks larger than their employed medical group, and 67% expect the size of their employed medical group to grow 1-10% over the next year.

2

Growth

All health systems are focused on growing the number of primary care physicians in their employed medical group, with 60% equally prioritizing the recruitment of specialists and primary care providers.

3

Engagement

Health systems use a variety of strategies for provider engagement, including communication and digital tools, professional development, governance and feedback, and networking and support.

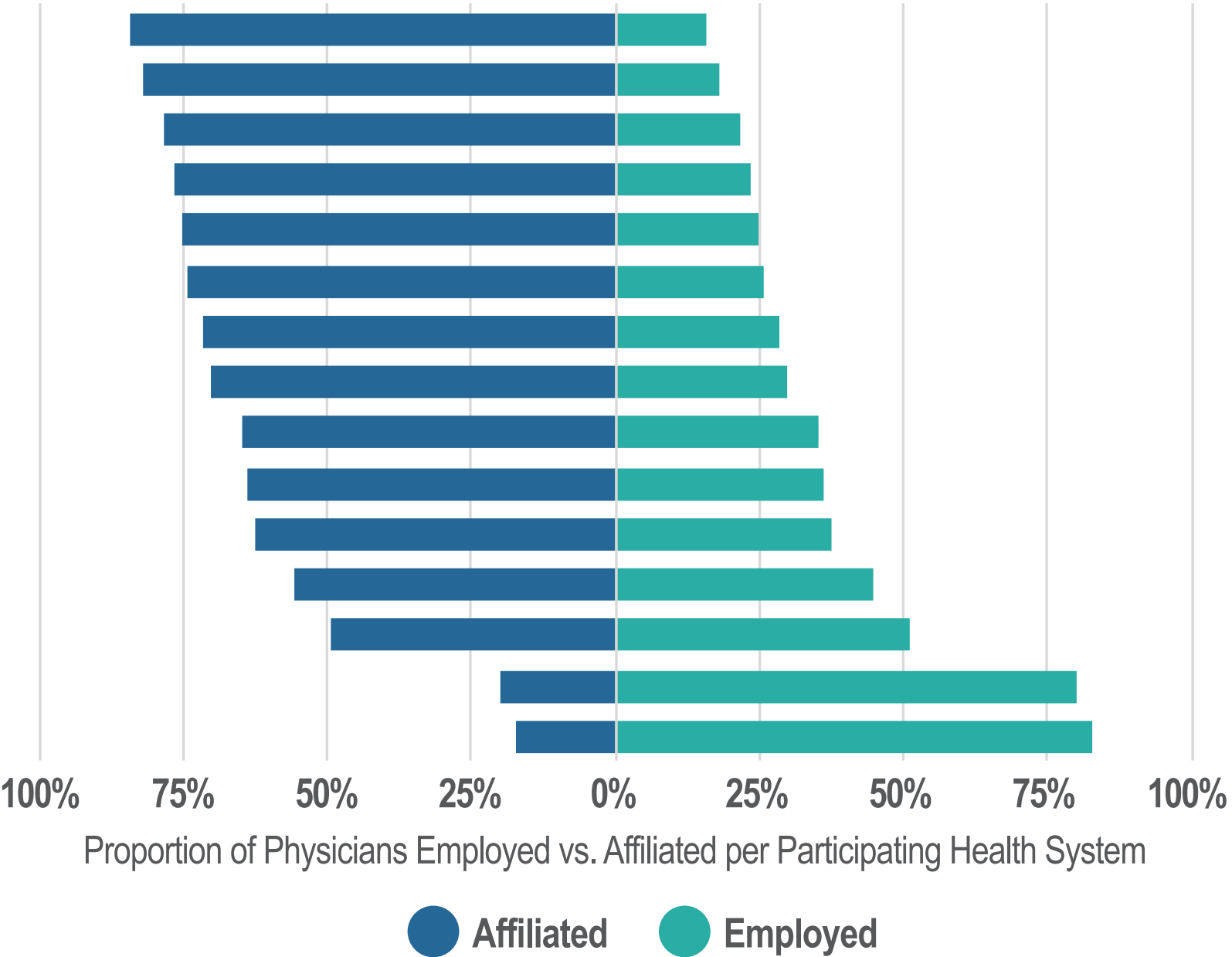
Employed Medical Groups Poised for Growth

A majority of health systems (80%) have affiliated physician networks larger than their employed medical group. In fact, 53% of health systems have affiliated networks that are more than twice the size of their employed medical group. Among participating health systems, the median employed medical group size is 975 physicians and the median affiliated network size is 2,500 physicians.

Nonetheless, all health systems surveyed expect their employed medical group to grow over the next year. Two-thirds of respondents expect this growth to be between 1-10%, while the remaining 33% of respondents expect greater than 10% growth. There is much more projected growth this year than last year, when only 6% of participating health systems anticipated greater than 10% growth in the size of their employed medical group. Health systems expecting more substantial increases in the size of their employed group are planning to do so through more large-scale acquisitions.

“Our employed medical group grows by about 10% year over year. That comes from a combination of facility acquisitions as well as small group acquisitions.” (COO)

EMPLOYED VS. AFFILIATED PHYSICIANS AMONG PARTICIPATING HEALTH SYSTEMS



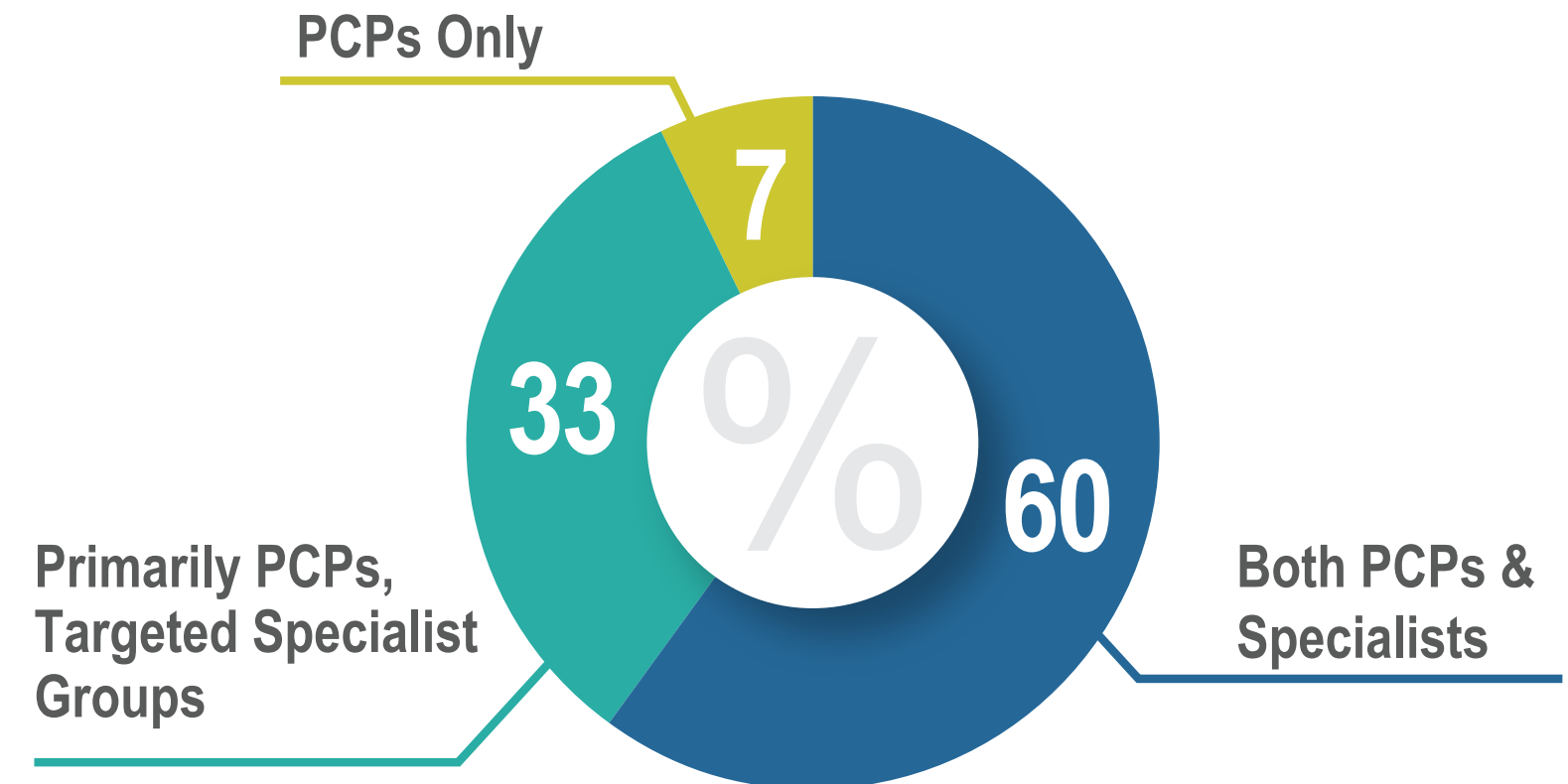
Primary Care Physicians in High Demand

Primary care physicians (PCPs) are a key part of the growth strategy for LHS. All participating health systems are focused on growing their number of employed PCPs compared to 88% of participating health systems in 2018. While a majority of health systems (60%) are equally focused on growing both the number of employed PCPs and specialists, the remaining 40% are primarily or solely focused on recruiting more PCPs.

In general, health system executives see primary care as a funnel for the organization to increase the number of patients entering the health system and a means to increase their ambulatory footprint. For others, they see expanding their primary care networks as a means for better managing risk. For this reason, all health systems are aggressively recruiting PCPs. The recruitment strategy for specialists, on the other hand, is more targeted. These strategic hires primarily serve to fill gaps across certain specialties.

The growing shortage of PCPs across the country and subsequent high level of competition in recruiting PCPs has been a key challenge for health systems. One CMO notes that their health system has been more successful at hiring PCPs out of residency or 1-2 years out compared to PCPs that are more tenured in their current roles.

FOCUS FOR GROWTH IN EMPLOYED MEDICAL GROUP



“Our target plans involve bringing in both primary care providers and specialists. For primary care, we’re looking at expanding the network for managing risk and taking on greater risk for primary care. On the specialist side, it’s really around filling gaps across our service lines.” (COO)

Communication & Professional Development are New Areas of Focus

As health systems continue to grow their employed medical groups and seek to align both employed and affiliated physicians, they are tasked with finding ways to keep their disparate provider groups engaged. Since physician buy-in is essential for the success of quality improvement and care redesign initiatives, LHS use a multifaceted strategy for provider engagement. Compared to 2018, more health systems are focused on improving the lines of communication from medical leadership and using technology to enhance interconnectivity among providers. In fact, many health systems have implemented or have plans to implement Customer Relationship Management (CRM) software to facilitate ongoing outreach and communication with their providers. There is also a larger focus on professional development, with most health systems offering physicians the opportunity to participate in leadership development or advanced degree programs. Other strategies include the creation of governance structures, forums for feedback, networking events, and wellness & self-care programs.



Communication & Digital Tools

- Use of CRM software
- Weekly or monthly emails and newsletters from the CMO
- IT interconnectivity & EHR optimization



Professional Development

- Leadership development & advanced degree programs
- Continuing education opportunities
- Medical student training & residency programs



Governance & Feedback

- Creation of physician operating committee
- Periodic medical group & “town hall” meetings
- Annual and quarterly surveys to collect feedback
- Listening tours and rounding



Networking & Support

- Physician networking events
- Dinners & outings with families
- Networking outreach team for physician visits
- Wellness & self-care programs to prevent burnout
- Resiliency training

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 is a value-based care managed services operator for health systems and providers seeking extraordinary clinical and financial outcomes. Lumeris aligns providers and payers across populations with technologies, processes, behaviors and information to achieve high-quality, cost-effective care with satisfied consumers — and engaged physicians. For the past eight years, Essence Healthcare, Lumeris' inaugural client and learning laboratory with more than 65,000 Medicare members in Missouri and Illinois, has received 4.5- to 5-Star Ratings from the CMS and produced the highest consumer and physician satisfaction scores in the industry along with significantly better clinical outcomes and lower costs. For more information, go to www.lumeris.com.

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