
Helping Large Specialty Physician Groups Navigate the Next Few Years

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"Doctor, I have a headache."

2000 B.C. - "Here, eat this root."

1000 B.C. - "That root is heathen, say this prayer."

1850 A.D. - "That prayer is superstition, drink this potion."

1940 A.D. - "That potion is snake oil, swallow this pill."

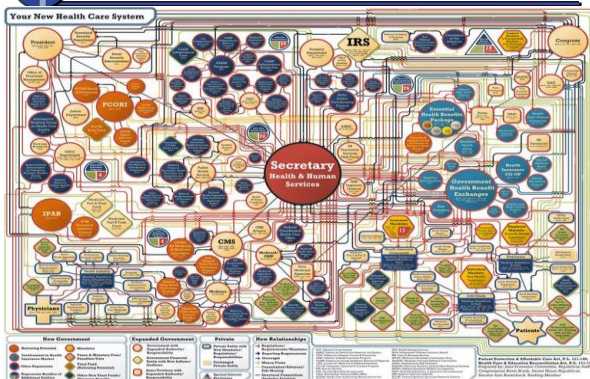
1985 A.D. - "That pill is ineffective, take this antibiotic."

2000 A.D. - "That antibiotic is artificial. Here, eat this root!"

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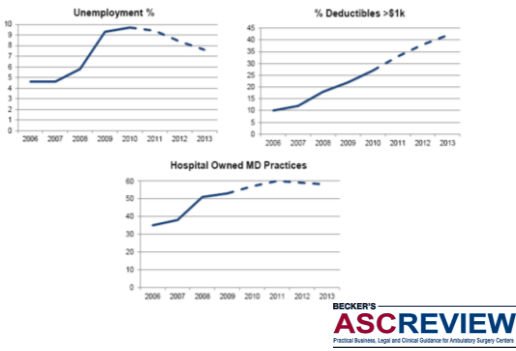
Objectives

- Review current concerning trends in healthcare
 - Costs and administrative burdens ↑
 - Revenue ↓
 - Fraud revenue and prosecutions ↑
- Keys to successfully navigating these trends
 - Increase leverage and activism
 - Focus on IT infrastructure
 - Minimize risks
 - Plan for change
 - Cut costs
 - Focus on patient satisfaction (perception)

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Concerning Trends



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Concerning Trends

- Skyrocketing national healthcare expenses and the aging population will continue to accelerate healthcare costs in the US.
- Practice level expenses are going up as well (salaries and benefits, malpractice, legal fees, & IT infrastructure)
- Administrative burdens are increasing. Billing and coding complexities, HR issues are becoming more complex and expensive
- Federal and State level fiscal crises
- More new physician graduates aren't interested in private practice and are looking to join larger practices or hospital employment models
- Trend to reroute \$ from specialists to PCP's
- Diminishment and/or loss of ancillary revenue streams

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Concerning Trends

- **Changes in referral patterns**
 - PCP and specialists employment creating patient “steerage”
 - Direct Access
 - Large marketing budgets for hospitals and larger groups
 - Increased competition
- **Payor consolidation**
- **Starting to see some fall out from poorly conceived and implemented physician employment models**
- **Negative publicity and expenses due to HIPAA breaches, fraud prosecutions, and bad outcomes**

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Concerning Trends



- **Fraud prosecutions are up**
 - Fraud prosecutions are expected to increase 85% over 2010, according to a [USA Today](#) report.
 - “The Transactional Records Access Clearinghouse says there have been 903 prosecutions so far this year — a 24% increase compared to fiscal year 2010. Compared to five years ago, prosecutions have grown by 71%”
 - “Task force convictions have also increased, according to the DOJ. There were 23 trial convictions for Medicare fraud in 2010. So far, in the first eight months of this year, the task force has seen 24.”
 - New “tax.” “In the past six years, the federal government has more than tripled the amount of money gained through Medicaid fraud prosecutions, according to a [USA TODAY](#) report.”
 - “The government gained \$573M in 2004 compared to 2010's \$1.85B. This jump was due in part to a 57% increase in grant money to state Medicaid Fraud Control Units, paired with the Obama administration's overall increased focus and spending on anti-fraud programs.”

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Keys to Success

- **Increase market level leverage and activism**
 - Look for strategic acquisitions to increase leverage with payors
 - Be a part of the discussions on potential local payment model changes
 - Political awareness and activism (local and Federal) are important
 - Protect autonomy or strategically align but stay in the drivers seat and avoid being an unwitting target
 - Ensure you group has the ability to retain and recruit Docs (growth opportunities)

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Keys to Success

➤ Solid IT infrastructure and/or outsourcing plan

- Embrace and respect technology or get left behind
- EMR selection, implementation, training, ongoing support
- Infrastructure: on site expertise, servers, connectivity, back-up's...
- Be open to workflow changes as a result of IT implementations

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Keys to Success

➤ Minimize risks

- Ensure you have the right physicians and mid level providers on board as they represent the entire group every day in the office and at the healthcare facilities
- One physician, caregiver or employee can ruin an entire group's reputation and/or bring about OIG investigations or RAC audits.
 - Extrapolation can be a huge burden
 - HIPAA breaches are PR nightmares (smart phones, tablets, unencrypted laptops, inappropriate EMR access, lack of training and policy and procedures for data security...)
 - Fines, legal fees and staff/physician time to handle investigations and audits are increasing

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Keys to Success

➤ Market your practice

- A commitment to appropriately market your practice
- Reputation: Know your markets perception of you. Monitor, measure and actively manage this perception
- Social media: Patients use it to rate and find their physician and practice

▪ Cut costs and run a tighter ship

- Physicians and managers need to work together
- Renegotiate real-estate leases
- Consolidate vendors
- Engage staff on cost cutting endeavors
- Manage staff hours productively and proactively

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Keys to Success

➤ Plan for change (entitlement to accountability)

- Increase accountability by finding ways to add value
 - Take costs out of the system
 - Put a system in place to focus on quality outcomes and hold everyone accountable
 - Measure and market these successes to the public, payors & politicians
 - Compensation model: ensure it has the ability to hold physicians accountable for compliance, quality, and patient satisfaction
 - Facilitate a culture that focuses on patient satisfaction (perception)

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Keys to Success

➤ Focus on patient satisfaction (perception)

- HCAHPS – Hospital Consumer Assessment of Healthcare Providers & Systems
 - Standardized methodology to measure patients perception of hospital care
 - The Affordable Care Act requires CMS to provide consumers information on physicians enrolled in Medicare and participating in PQRS. Physician Compare website launched January 2011
- CG-CAHPS – Clinic & Group Consumer Assessment of Healthcare Providers & Systems
 - Pay for “perception” is coming to the clinic/practice level soon
 - Start preparing and implementing tactics to improve perception now

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Keys to Success

➤ Improving patient, physician & staff satisfaction

- Starts with the physicians and executives as all other providers, care givers, and staff will follow their example.
- Implement methods to measure satisfaction. External (patients) & internal (physicians, managers and staff)
 - External
 - Increase secure communication with patients (both in-office and pre and post office visits)
 - Manage wait times
 - Focus on scheduling efficiencies
 - Implement service standards and train employees in the skills necessary to deliver good customer service

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Keys to Success

➤ Internal

- Reduce EE turnover: improve employee satisfaction and engagement
- Implement standards of behavior and values for employees and physicians (safety, etiquette, appearance, courtesy, responsiveness, confidentiality, sense of ownership, reward and recognize...)
- Foster positive working relationships between physicians and managers and employees

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Take-Aways

➤ Keys to successfully navigating these trends

- Increase Leverage and activism
- Focus on IT infrastructure
- Minimize Risks
- Plan for change
- Cut costs
- Focus on patient satisfaction (perception)

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Stockdale Principle

"You must never confuse faith that you will prevail in the end with the discipline to confront the most brutal facts of your current reality."

- Admiral James Stockdale

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