

# Physician Resource Planning

## Healthcare Physician Resource Planning

### **The Importance of Physician Resource Planning**

Hospital-physician relationships continue to rank as one of the most important issues facing healthcare organizations. The practice of medicine is changing rapidly and the traditional concept of physician loyalty to the hospital as the principal workshop is a thing of the past. As professional fee reimbursement has declined, physicians have made investments in equipment and facilities in order to capture new revenue streams, often competing directly with the hospital. And, as the economy suffers and physician payments have continued to drop, many physicians are seeking a “safe” alternative to private practice.

In light of these changing market dynamics, a thoughtful and proactive physician resource strategy is more important than ever. A key component and building block of any hospital-physician strategy is a strong understanding of physician resource needs for both the overall community and hospital specific physician needs to achieve strategic and programmatic goals.

Navigant has a 20-year history of providing clients with physician resource planning and physician strategy consulting assistance and we have assisted over 150 individual organizations on a wide variety of customized physician resource planning projects. With the recent acquisition of The Bard Group, considered the leading firm in reinventing hospital-physician relationships, and Ethos Partners, considered a leader in physician services

and practice management, Navigant is able to assist organizations with the full complement of services related to physician strategy.

Relative to physician resource planning, Navigant offers a wide continuum of services ranging from straightforward physician community needs assessments to full strategic physician resource plans with a physician integration/alignment focus.

### **Navigant’s Approach to Physician Resource Planning**

Historically, these plans were developed to provide both Internal Revenue Service and Office of the Inspector General justification for hospital sponsored recruitment activities. While this is an important feature of this work, physician resource planning can also be used to guide a broader physician strategy, including supporting/disputing the increase or decrease in the medical staff in select specialties, supporting service line planning and guiding major investments such as primary care network development, physician employment or ambulatory expansion.

Our approach to physician resource planning is comprehensive and includes both quantitative and qualitative elements. This two-pronged approach ensures that the physician resource plan is not only rational and defensible based on quantitative need but also is appropriate in the context of qualitative findings. We are happy to customize our approach based on the specific needs of the organization.

### Physician Requirements Model

From a quantitative perspective, we have worked in concert with a leading actuarial firm to develop a state-of-the-art model that allows us to project physician demand for 35 specialties and is customized to the local demographic, payer and healthcare utilization statistics of the market. In recognition of looming healthcare reform, we have modeled assumptions around the transition of formerly uninsured populations to insured status as well as the migration of certain populations to more tightly managed models of care. The actuarial component of the model was recently updated to ensure our demand projections reflect the most current thinking on future physician utilization patterns and trends.

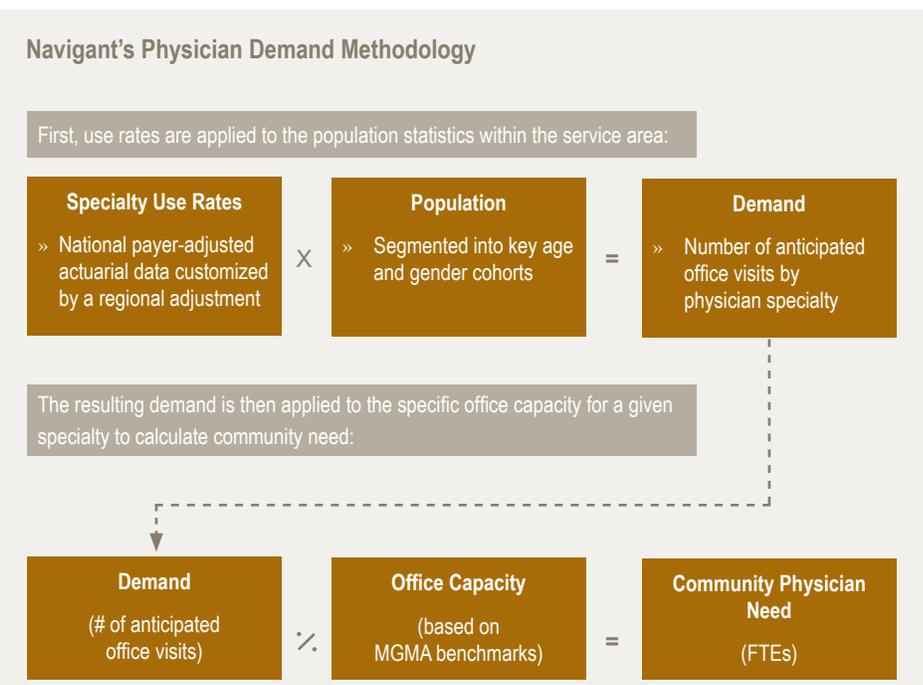
Navigant strongly believes that this model, applied in the context of your market and augmented with other qualitative indicators

of physician need more accurately projects market-specific physician demand than other commonly used benchmarks and methodologies (e.g., published physician to population ratios).

In addition to the 35 specialties contained within the model, Navigant has developed methodologies to predict demand for a wide variety of other specialties, including hospital-based specialists, pediatric subspecialists and other unusual subspecialties typically found at an academic medical center.

### Interviews/Surveys

From a qualitative perspective, Navigant emphasizes the use of physician interviews, focus groups and medical staff surveys to gain insight into specific physician, organizational and market dynamics that may have implications on physician need (such as refusal to participate on ED call schedule, etc.)



Physicians often feel most comfortable talking to their peers. Many of our consultants are former practicing physicians, whose expertise can be leveraged in the interview process.

#### **Physician Supply/Demand Tool**

At the conclusion of a physician resource plan, organizations have the option to request a multi-year physician demand tool. Each tool is customized to the organization based on a variety of local factors. By tracking ongoing changes in the community supply of physicians, an organization can use the tool to understand “real time” community need by physician specialty.

### **Developing a Physician Resource Plan**

#### **Recruitment, Retention and Succession Planning**

New physician recruitment is only one piece of the puzzle. Equal attention needs to be paid to the existing medical staff from both a retention and succession planning basis. Given shortages in many physician specialties, hospitals are often in competition for high-growth medical and surgical specialties and will need to consistently invest in workshop improvements and other environmental issues to retain their physicians. Many studies have been done about the aging of the physician workforce; however, new assumptions must be made about retirement ages and practice patterns in light of the economic downturn and declining retirement portfolios. A good

understanding of the local medical staff’s practice time horizon as well as a proactive approach to assist physicians (to the legal extent possible) with succession planning and practice transition will be critical.

#### **Focus on Physician Alignment**

The next step is identifying the specific approach(es) by which the hospital will fulfill both community and organizational needs – and create the desired degree of alignment with the medical staff. Recruiting may not be the preferred answer due to broader supply issues. Other strategies that may be used to attract physicians to the hospital include employment, clinical integration, EMR/IT assistance, clinical co-management and leadership involvement. Given the market and medical staff dynamics, Navigant can help determine which alignment tool(s) are most appropriate and will help organize physicians in partnership with the hospital.

#### **Employment**

Employment is re-emerging as an area of strategic focus for many reasons. Many organizations believe that employment may be the best way to align hospital and physician incentives around cost and quality. The next generation of physicians has demonstrated a greater focus on work-life balance and may have less interest in maintaining a private practice. In fact, many practicing independent physicians, both primary care and specialists, are finding the private practice model difficult to maintain and are seeking employment.

## Contact »

Christine Dalton  
312.583.4103  
cdalton@navigant.com

Kathleen Henchey  
312.583.5827  
kathleen.henchey@navigant.com

[www.navigant.com/healthcare](http://www.navigant.com/healthcare)

Venturing into employment creates a number of issues that organizations must consider, including:

- » What is the right mix of primary care/specialist to employ? How will the existing independent physician community react and how to manage that response?
- » Can we go beyond providing stability (income for physicians and volume for hospitals) and influence positive momentum on the cost and quality of care matrix?
- » Do we have the organizational capabilities to manage employed physicians? What are the financial implications?

Navigant takes into account the various forces in the industry, specific market conditions and organizational capabilities in order to create a strong plan that will assist healthcare organizations in developing a complete physician strategy for employment or other alignment vehicles.

### Implementation

The final element of any plan is the execution. In order to be successful, physician resource plans require the buy-in and participation from the physician community. We have significant expertise in addressing all aspects of hospital-physician

relationships, including culture and alignment issues, group structure, practice acquisition and management, clinical integration and navigating the internal processes that drive change throughout an organization.

### Why Navigant?

#### Experienced Team

Navigant's healthcare professionals include individuals with experience as hospital, health plan, physician group and healthcare CEOs and CFOs, as well as MDs, PhDs, RNs, pharmacists and many other clinical professionals. We combine the expertise of these seasoned professionals with our commitment to work with our clients to deliver successful solutions. We are strongly committed to serving as trusted advisors to our clients on these important issues.

#### Extensive Client Base

Navigant's client base includes hospitals and health systems, academic medical centers, community hospitals, faculty practice plans and physician groups across the United States. Over the past three years, Navigant has worked with over 150 individual organizations on a wide variety of customized physician resource planning projects, tailored to meet individual market conditions and clients' strategic goals.

