

A background image showing a hospital interior with a green and blue color scheme. The image is split diagonally, with the top-left portion being green and the bottom-right portion being blue. The background shows a hospital room with a desk, a chair, and a window.

MULTI-HOSPITAL SYSTEM DEVELOPS UNIFIED AND PROGRESSIVE INTEGRATED PRACTICE PHYSICIAN COMPENSATION PLANS

CHALLENGE

In the wake of healthcare reform, changing reimbursement models, and the increased focus on clinical integration, hospitals and healthcare systems across the country are being forced to modify physician employee compensation plans. Given the continued pressure to transition from fee-for-service to value-based payment, new agreements must include flexible provisions that adapt to market changes by reducing reliance on volume while aligning incentives to quality, service, and efficiency.

Recognizing the need to optimize performance and prepare for new payment and delivery models, a large regional healthcare system ("System") combined three physician practice networks into one new organizational structure ("System Medical Group" or "SMG"). With the unification of its legacy networks, SMG had more than 100 variations of its employed physician compensation plans that were not only fragmented, but included inconsistent incentives and performance requirements for its providers. In many ways, the "deals" from historic growth of the respective networks included a wide-range of variations of compensation arrangements.

SOLUTION

SMG selected Navigant Consulting to design one or more unified compensation plan(s) for its employed physicians and mid-level providers that would be fiscally responsible, clinically accountable, and economically sustainable.

Navigant's team of professionals utilized a highly interactive strategic planning process to align the providers' performances with the organization's goals and clinical objectives. Realizing the importance of engaging the physician community in the governance and decision-making process, Navigant solicited input through confidential surveys and interviews with providers and appointed a core steering committee and work groups for detailed communication exchange.

CLIENT COMMENTARY

"In preparation for the future, we are changing how doctors are paid," said SMG Client. "The process Navigant uses is solid and has provided a compensation plan that exhibits who we are today: one integrated, high performing medical group for all System physicians."

IMPACT

Using a new four-component, base salary-plus-performance incentives methodology, a new compensation plan was developed that included:

- Establishment of unified SMG compensation plan principles, to promote internal equity, external competitiveness, and alignment with the organization's guiding beliefs
- Inclusion of multiple minimum work standards (MWS) to earn base salary and qualify for value-based performance incentives
- Use of payer-neutral (wRVU and/or shift rates, etc.) metrics for production incentives
- Inclusion of non-production incentives tied to achievement of other quality, service, efficiency, and/or development targets
- Inclusion of components to promote co-management services and achievement of new care team behaviors

CONTACT

navigant.com

About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.

 [linkedin.com/company/Navigant-healthcare](https://www.linkedin.com/company/Navigant-healthcare)

 twitter.com/Naviganthealth