

2018 HEALTHCARE OUTLOOK



TREND #3: MANAGING UP PHYSICIAN ACQUISITIONS

Loss per employed physician is the de facto measure of “success” for acquired physician practices. To overcome this, health systems need to manage up acquisition ROI, rather than manage down the losses.

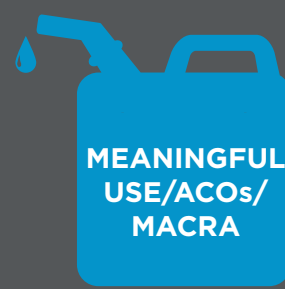
GROWTH IN HEALTH SYSTEM PHYSICIAN ACQUISITIONS DRIVEN BY:

Increase in physician nonclinical responsibilities, income insecurity



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Affordable Care Act poured gas on the fire through “meaningful use,” ACOs, MACRA



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- ✓ EMPLOYED PHYSICIAN GROWTH UP 76%, 2003-2014¹
- ✓ 2016 = 1ST TIME MAJORITY OF PHYSICIANS DIDN'T OWN THEIR PRACTICES²

WHY THE LOSSES?

Physician employment rationale a moving target:



- Market share/market growth strategy?
- Response to competitor acquisitions?
- ACO or “leverage the payers” strategy?

OUTCOME: Median loss per employed physician tripled from 2004-2013, now **~\$185K³**

WHAT PROVIDERS NEED TO DO

Manage practices instead of hosting them:



Prune back employed doc portfolio to fit organization’s chosen strategy

Evaluate/strengthen leadership based on qualifications, not availability



Tailor physician compensation to organization’s reimbursement mix to drive appropriate productivity

Leverage data to engage physicians, standardize use of devices/drugs proven clinically equivalent at a lower cost



Enhance revenue integrity, ensuring patient data is captured and translated into a fair, timely bill

1. Getting the Most Value From Your Physicians; H&HN; 10.11.16. www.hhnmag.com/articles/7605-how-hospitals-can-get-the-most-value-from-their-physicians
 2. Policy Reserarch Perspectives, AMA; 5.17. www.ama-assn.org/sites/default/files/media-browser/public/health-policy/PRP-2016-physician-benchmark-survey.pdf
 3. Evaluating Reasons for Physician Practice Losses; HFMA; 12.14. www.hfma.org/Content.aspx?id=26345