

# Preparing for Risk:

## Intersection of Compensation Design and Performance Improvement

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# Today's Presenters



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# Agenda

**Background**

**Compensation Design/Planning**

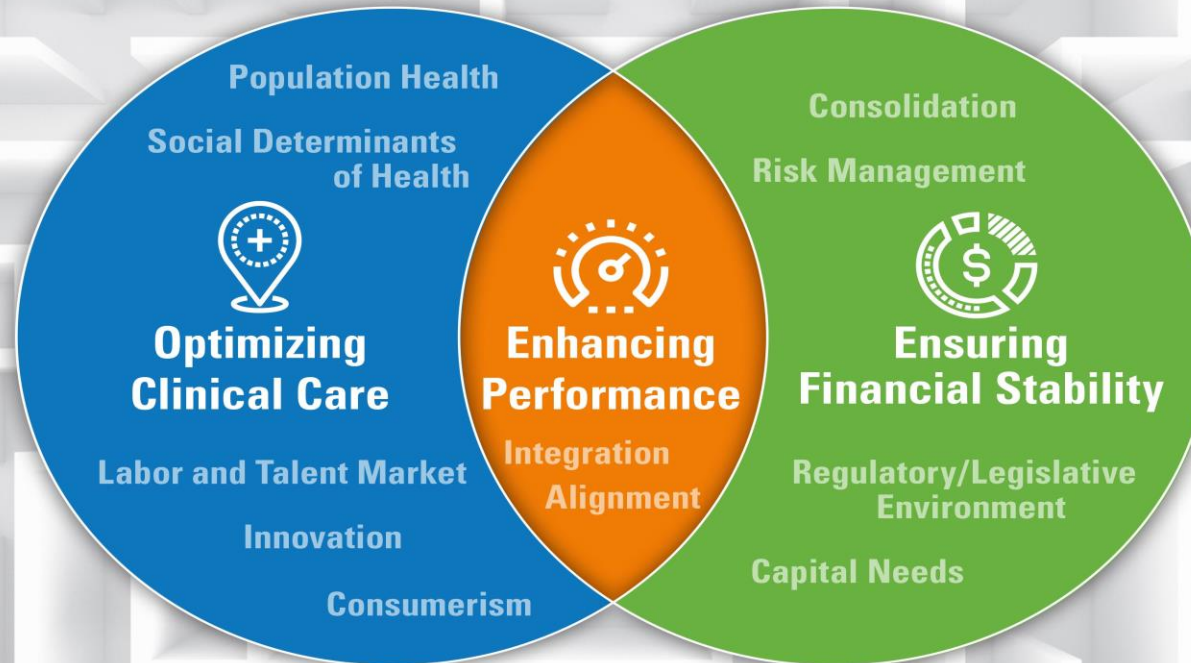
**Performance Management/Design**

**Optimization**

# Background



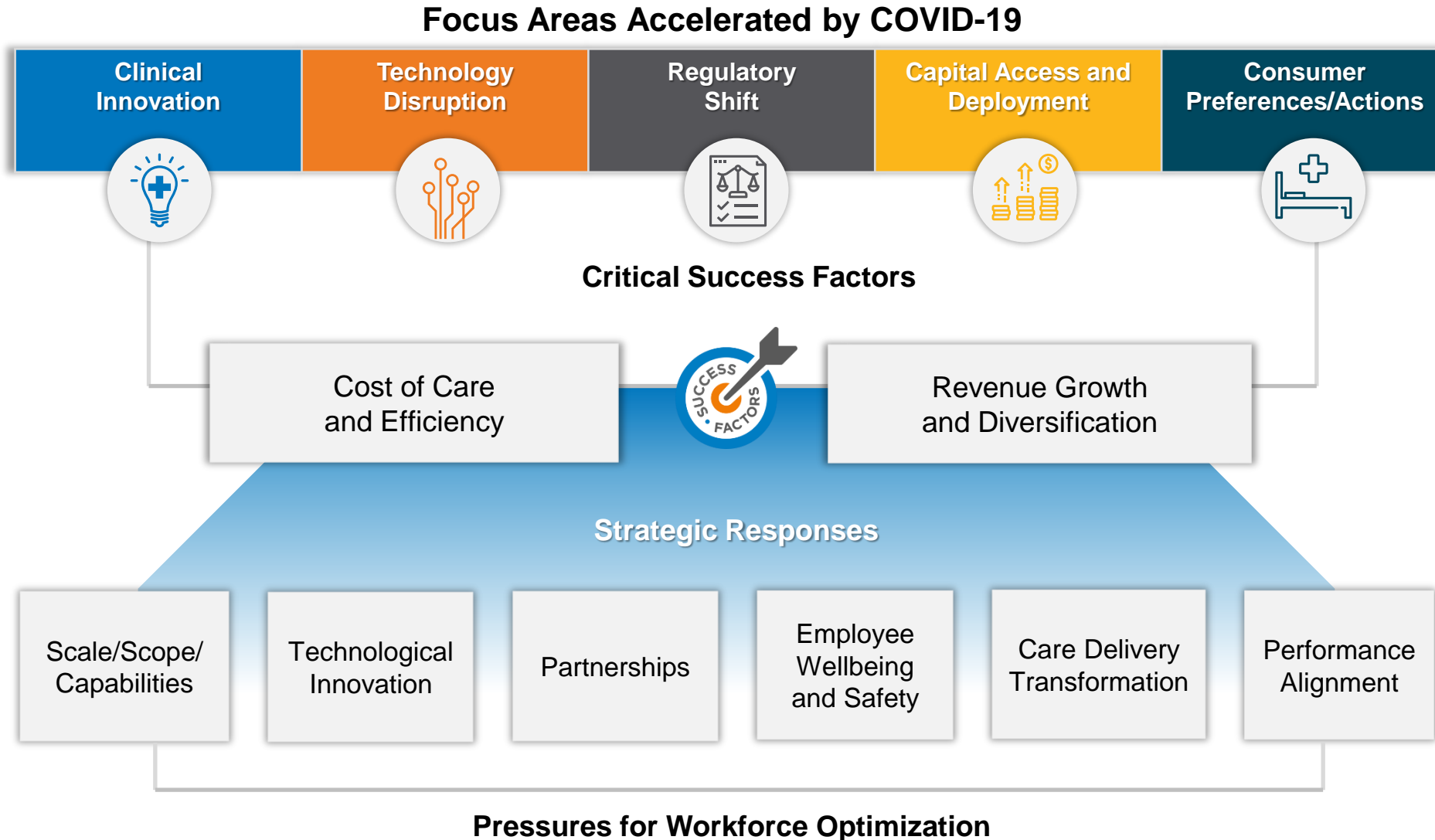
## The Potential for Disruption



### Workforce Implications

“\$40 billion of United Health Group’s business is in some level of VBC today and is slated to go to **\$65 billion by the end of 2018.**”

– Steve Helmsley, CEO, UHC



# Compensation Design/Planning


# Value-Based Care Risk Continuum




Small  
Financial Risk

Moderate  
Financial Risk


Large  
Financial Risk




Fee-for-Service




Pay-for-Performance




Value-Based Incentives



Bundled Payments



Tiered Networks



ACOs



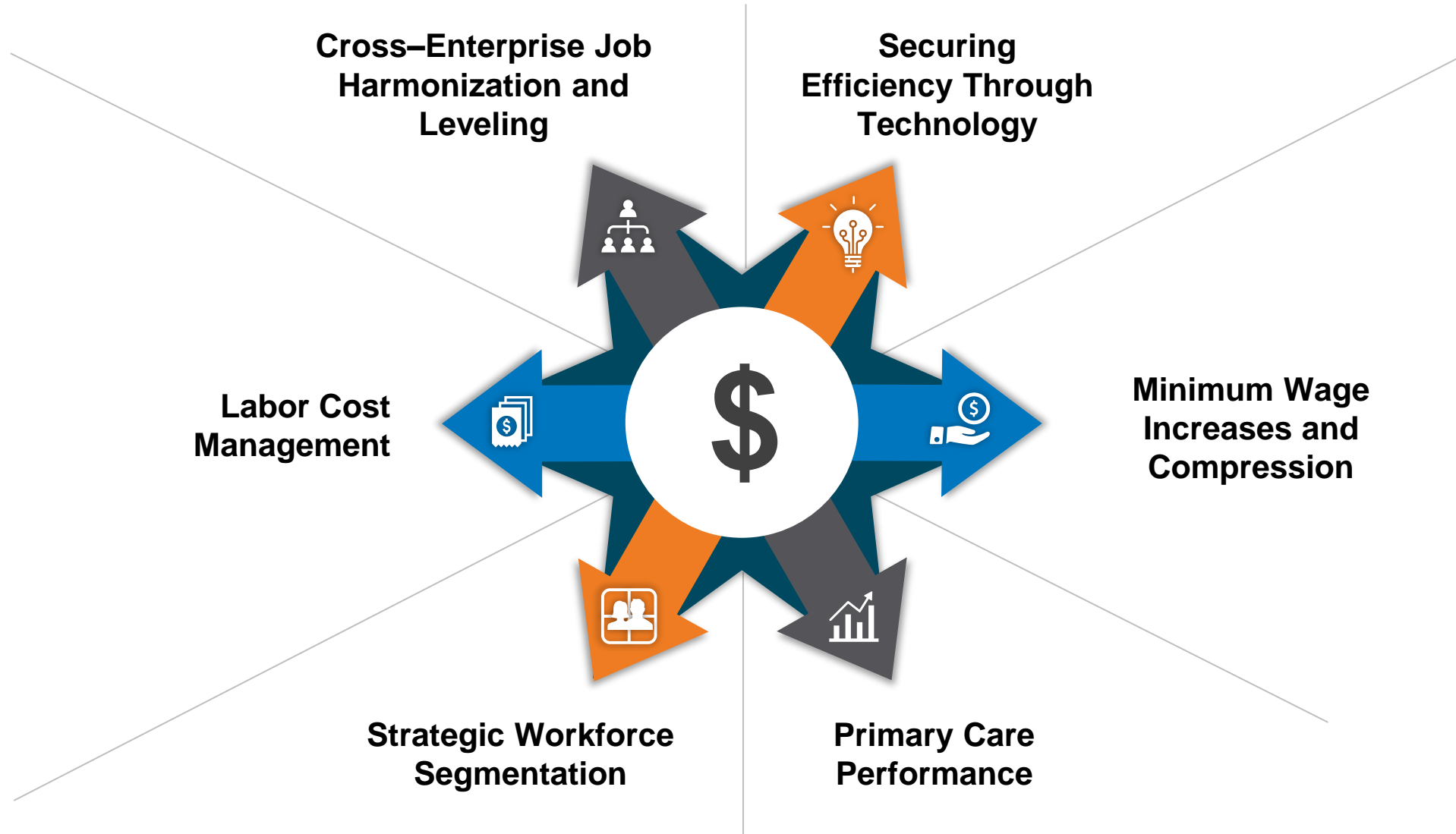
Full Risk

How can you accelerate VBC maturity and improve performance?



# Emerging Compensation Challenges

Impact of COVID-19





## PHYSICIAN

- **Clinical Specialty**
  - Primary care
  - Hospital-based
  - Procedural/surgical
- **Role & Responsibilities**
  - Clinical
  - Clinical/leadership
  - Leadership
- **Practice Environment**
  - Urban
  - Rural
- **On-Call Coverage Requirements**
- **Productivity Metrics**
- **Value-Based Metrics**

## Key Elements Impacting Provider Compensation



## APP

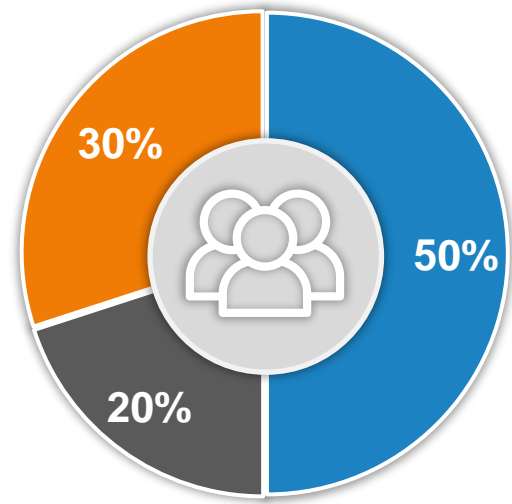
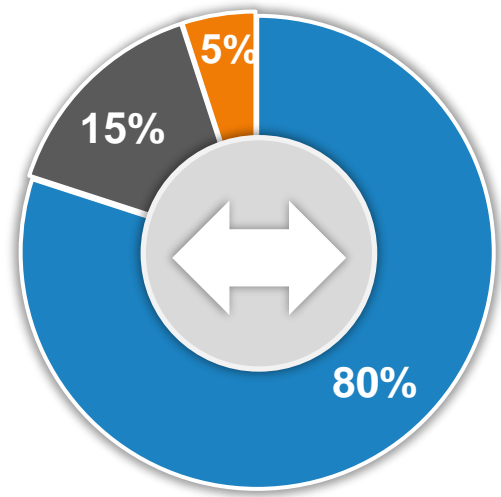
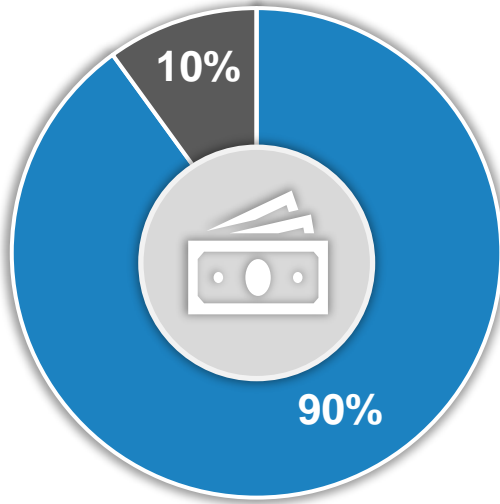
- **Role & Responsibilities**
  - Independent provider
  - Team provider
  - Support provider
- **Practice Environment**
- **Clinical Specialty**
- **On-Call Coverage Requirements**
- **Premium/Special Pay Practices**
  - Shift differentials
  - Pay for extra shifts
  - On-call pay
- **Value-Based Metrics**
- **Productivity Metrics**

# Primary Care Compensation Design Example:

## Reimbursement Environment



Plan Components | Weighting

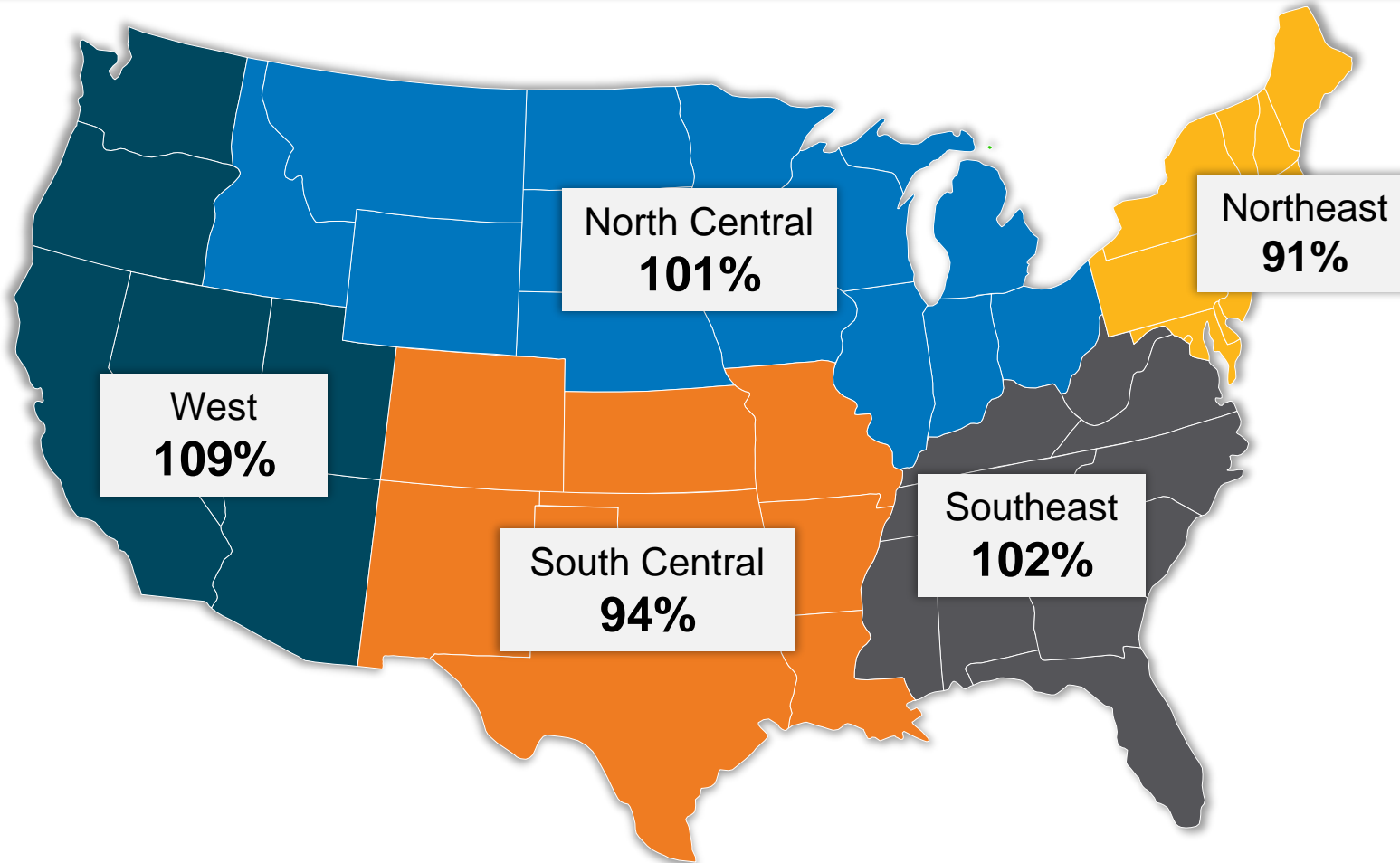


# Regional Differences in Physician Compensation

Total Cash Compensation Compared to National Median



Physician compensation is lowest in the northeast and highest in the west

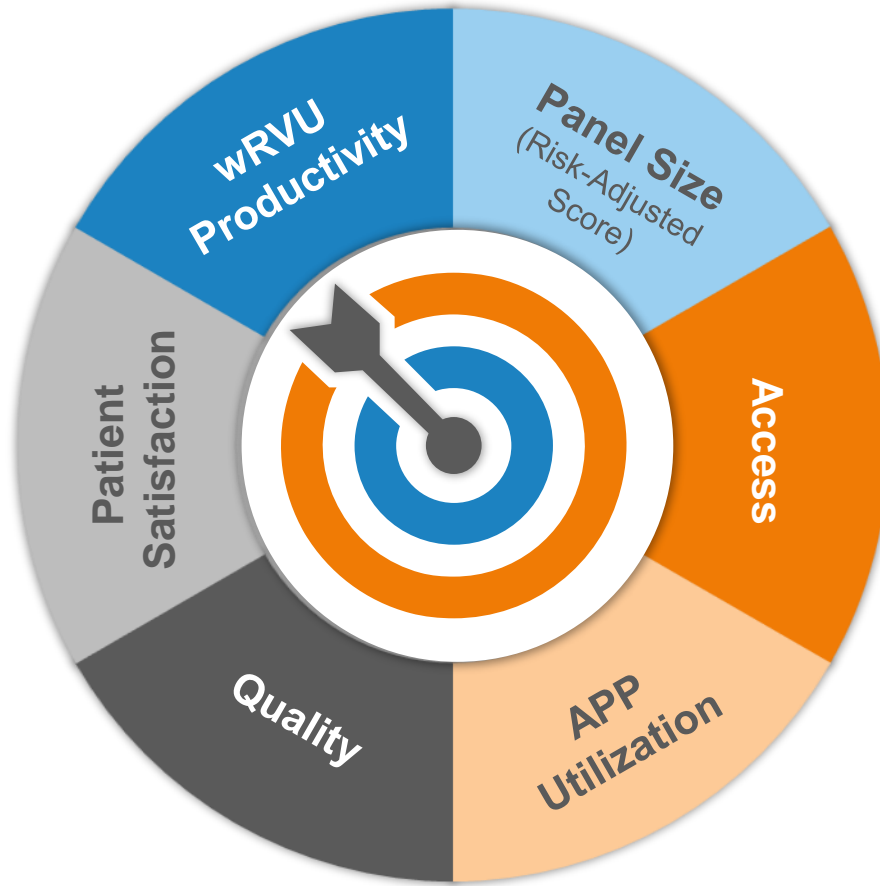


**Please note:** Percentages represent an average of the median from 2018-2020

Source: SullivanCotter 2020 *Physician Compensation and Productivity Survey Report*



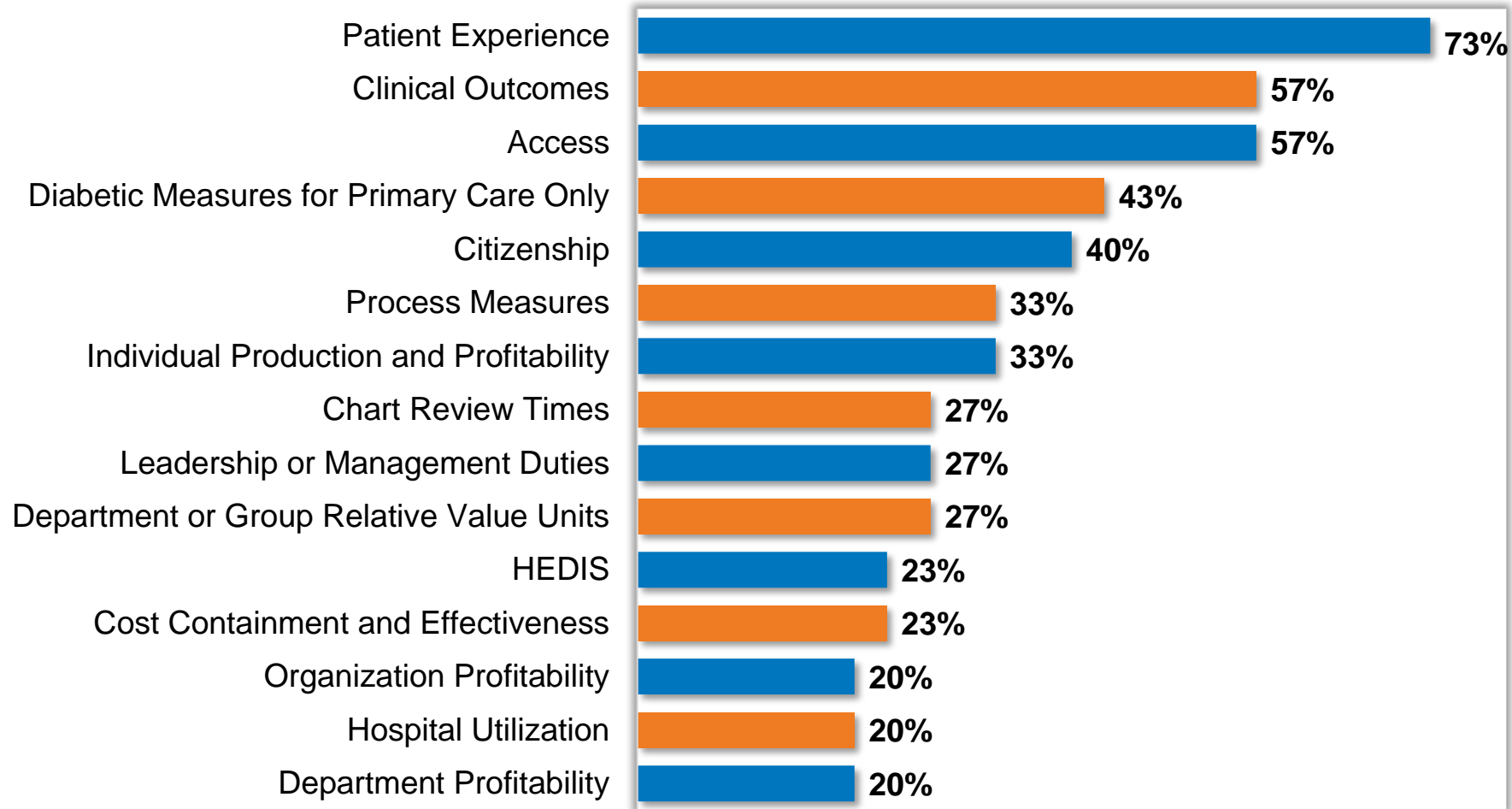
### Questions to consider with respect to physician and APP compensation approaches



- What are the agreed-upon **performance drivers**?
- How should each component be **weighted** in the new compensation program?
- How should each performance metric be **measured and rewarded**:
  - Individual
  - Team
  - Practice site
  - Region
- What metrics require **physician and APP collaboration**? Team collaboration?



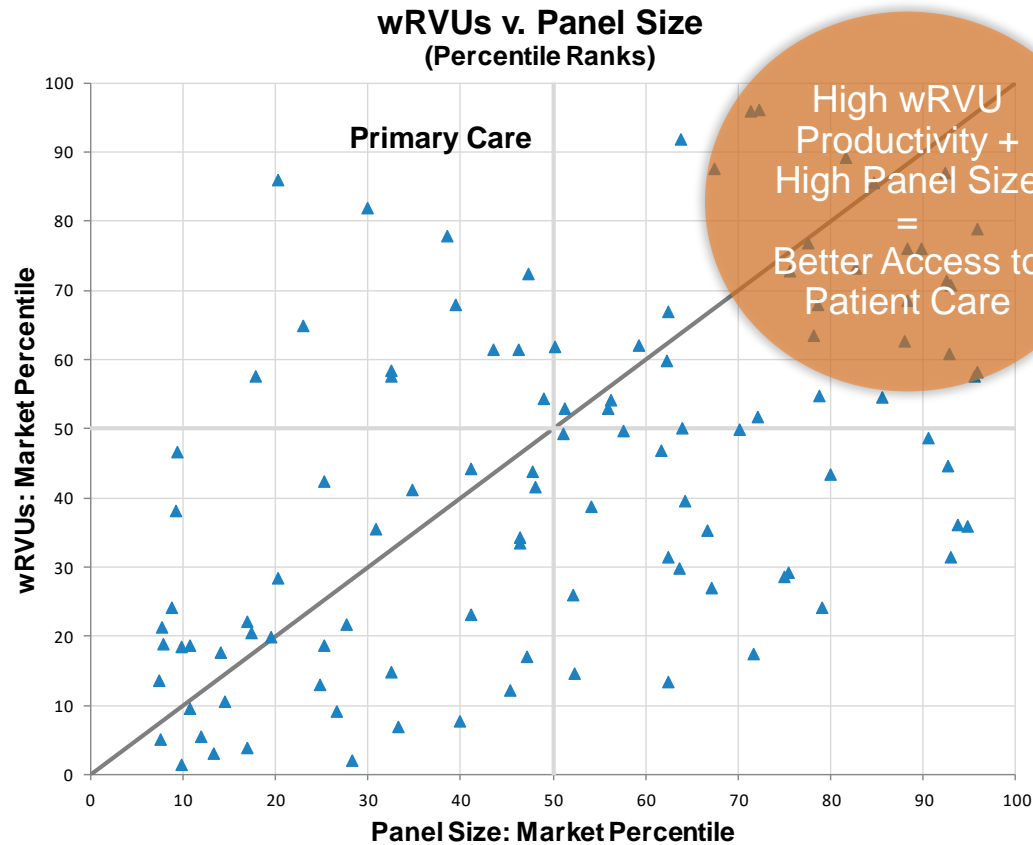
## Measures Considered in Incentive and Discretionary Pay



# Rewarding Population Health Management



**Panel Size:** The number of patients served by a physician and/or APP, typically defined as a count of unique patients seen within the last 18 months



### Primary Care Panel Size

#### 2019 Median Physician Figures

Specialty	2019 Median	3-Year Blend
Family Medicine	1,967	1,886
Internal Medicine	1,840	1,882

Source: SullivanCotter Physician Compensation and Productivity Survey

# Core Competencies to Effectively Manage Risk



## Business Model Alignment



## Enhanced Care Delivery



## Consumer and Provider Engagement



## Operational Excellence



## Examples

- Population health management readiness assessment
- Population health management opportunity analysis
- Value-based contracting
- Value-based benefit design
- Revenue management

- Care delivery model development
- Medical care management program
- Pharmacy care management program
- Quality improvement program

- Organization and governance development
- Provider incentive program
- High performance and network development
- Performance measurement structure development
- Consumer engagement program(s)
- Practice transformation

- Actuarial/underwriting
- Marketing/sales
- Enrollment/attribution
- Infrastructure
- Claims payment/customer service
- Compliance and audit
- Provider-payer contracting



# Performance Management/Design



## Utilization

- % change visits per 1000 (ER, IP, HHA, SNF, Hospice, Obs. Enc., PC)
- % 30-day, 90-day, 180-day readmissions
- Transitional Care Management % complete

## Quality

- Annual Wellness Visit % complete
- Other care gap closures

## Attribution

- Attribution to organization, practice & provider
- % continuously attributed
- % of beneficiaries seen per quarter for Primary Care services

## Finance

- Spend Per Member Per Year (PMPY) vs. benchmark



## Risk

- Current risk score
- Ongoing Documentation Rate





# Value-Based Care Readiness Assessment



SullivanCotter utilizes **advisory services** and **operational experience** to help tailor and deliver a product that will enable health systems to accurately assess their value-based care capabilities

## VBC Focus Areas

Primary Care Practice Transformation

Value-Based Arrangements, Alignment and Partnerships

Provider Engagement

Care Team Optimization

Incentive Alignment and Compensation Design

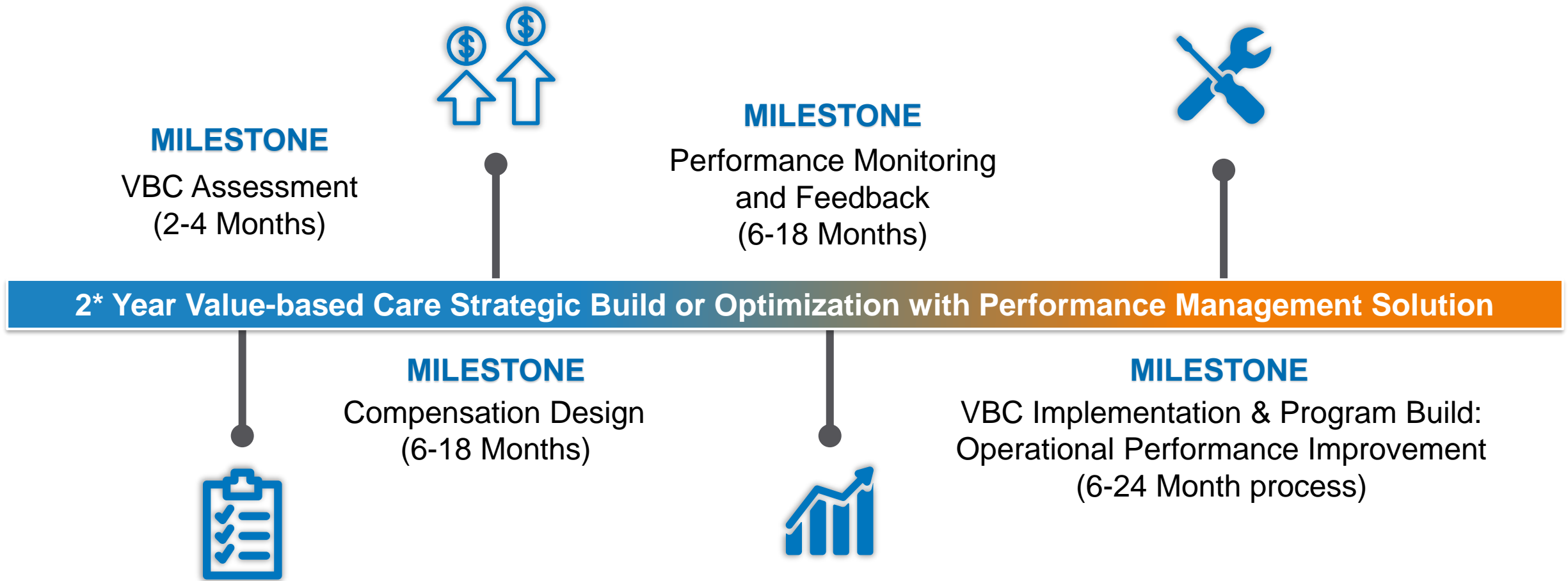
## Key Readiness Assessment Deliverables

- ✓ Key findings summary
- ✓ Partnership or alignment options
- ✓ Clinical capacity and network adequacy analysis
- ✓ VBC focus area scoring matrix
- ✓ Performance indicator analysis
- ✓ Organizational readiness roadmap for implementation
- ✓ Recommendations and next steps

***Do we have interest in Pilot opportunities?***

# Optimization

# VBC Program Build & Optimization Timing *Example*



\*Timeline subject to client needs; timeframes are ranges and can vary

# Questions & Discussion





# Stop by our ACO Exhibit Hall Virtual Booth



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# Thank You



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