Best Practices In Maximizing The Value Of Your Team: How To Measure & Manage Clinical Staff Productivity

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The 2014 OPEN MINDS Performance Management Institute
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Agenda

• Trends In Clinical Compensation
• How To Measure Clinical Staff Productivity: Compensation Models
• How To Develop A Compensation Strategy That Works For Your Organization: Steps For Building A Performance-Based Compensation Plan
• Case Study: Manatee Glens
Trends In Clinical Compensation
Increased Demand For Clinical Productivity

- Declining reimbursement environment and lower margins; recession budgeting challenges
- Many providers assuming an increasing amount of financial risk through financial risk sharing reimbursement arrangements
- Rising human resource costs (salaries and benefits)
- Increased competition for consumers
- Increased pressure on organizations and their boards of directors to be responsible for public dollars
Enhanced Productivity: A Dominant Issue For Human Resource Departments

- Heavy emphasis on human resource departments across the nation to transition from being transaction-focused to being departments that help drive organizational productivity
- Developing processes to maximize employee productivity
- Determining how to calculate productivity
- Determining how to manage productivity and whether or not to establish productivity incentives
- Determining how to address low-productivity in some employees
Increasing Pressure From Boards Of Directors To Enhance Productivity

- Are We A Good Steward Of Public & Private Dollars?
- Do We Provide Better Value For These Funds Than Other Organizations?
- Do We Provide Better Value Than Other Organizations?
- What Services Should We Provide To Best Fulfill Our Mission?

All of these concerns create a stronger mandate for high productivity and demonstration of quality outcomes.
Average Health Care Salaries, 2011

- Radiologist: $395,606
- Orthopedic Surgeon: $384,707
- Anesthesiologist: $364,689
- General Surgeon: $318,048
- OB/GYN: $264,254
- Emergency Medicine: $239,758
- Hospitalist: $214,708
- Psychiatrist: $200,330
- Internal Medicine: $195,709
- Family Practice: $173,945
- Pediatrics: $159,041
Other Things We Sometimes Mean By “Productivity”

• Client–care time versus administrative or other staff time
• Face–to–face client time versus other staff time

Productivity is a touchy word, i.e., “What do you mean my other time is not *productive*?” If we mean BILLABLE time, let’s say it!
Compensation Plan Requirements

A compensation plan must:
- Work for the entire group
- Be clear and consistent
- Be equitable
- Be based on reliable data
- Promote trust
- Promote group incentives/objectives (goals, on-boarding, etc.)
Compensation Plan Goals

The goals of any compensation plan should:

- Comply with business objectives
- Promote physician satisfaction
- Be competitive (based on physician labor market)
- Match compensation with services provided
How To Measure Clinical Staff Productivity: Compensation Models
Provider Compensation

- Performance-based incentive plans are on the rise
  - 92% of group practices offer incentive plans
  - 63% of hospital groups
  - 67% of integrated health systems
- Productivity remains the most common
Compensation Models

- Equitable compensation
- Fixed salary
- Base plus incentive/bonus
- Pure productivity
- Other responsibilities
  ◦ Managing partner
  ◦ Medical director
  ◦ Supervision of ancillary staff
  ◦ Non-clinical activities
Equitable Compensation

- Usually in single specialty practices
- Applicable to owners
- After expenses paid, additional revenues are equitably allocated among owners
Fixed Salary

- Income guarantee
  - Common for new physicians or new to practice
- How to determine salary
  - Salary surveys – objective data
  - Expenses to revenue margin
Base Salary Plus Incentive

- Fixed base salary (% of total compensation)
  - Based on historical data or survey
  - May be an advance against total compensation
- Incentive tied to:
  - Productivity (revenues vs. Relative Value Units)
  - Non-productivity related measures (quality measures, outcomes, satisfaction)
  - Meeting external quality measures – eRX/PQRI
Determining available dollars for incentive
- Based on data collection
  - Expenses
    - By physician
    - Direct expenses
    - Ancillary expenses
    - Overhead allocation
  - Productivity
    - Charges
    - Net collections
    - Relative Value Units
    - Encounters
Productivity Model

- Most complex
- Goal = enhanced productivity
- Competitive work environment
- Encourages overutilization of services
- Range from
  - Formula with multiple factors
  - Amount collected
  - Quantity of Relative Value Units
  - Amount billed
Quality Measures

- Clinical outcomes
- Evidence-based guidelines, protocols, or performance reporting
- Cost control
- Use of electronic health record
- Physician Quality Reporting System (formerly known as PQRI reporting)
- Patient satisfaction
- Leadership and participation
- Call coverage
- Peer chart review
How To Develop A Compensation Strategy That Works For Your Organization: Steps For Building A Performance-Based Compensation Plan
Building The Compensation Plan: The Three Key Questions

- WHAT? – What performance results are you seeking to achieve?
- WHO? – Who is needed to achieve those results?
- HOW? – How do you motivate staff to achieve the results?
WHAT Performance Results?

- Revisit your strategic plan or business objectives:
  - What are the quantifiable objectives sought?
  - What is the timeline?
  - What key performance indicators have been put in place to monitor progress and success?
WHAT Performance Results?

• Also, consider using measures that focus on routine operational standards
  ◦ Productivity or yield
  ◦ A/R collection rates
WHO Is Needed To Achieve Those Results?

• Does your staffing pattern have the right people in it to achieve your objectives?
• Sometimes you can link specific objectives with individual job positions or departments; for others you may want to “weigh” the degree to which several staff members are critical to effecting intended results
  ◦ E.g., You may deem the billing department team leaders as having greater influence in achieving collection goals and thus give them a bigger incentive
HOW Do You Motivate These Staff To Achieve Your Objectives?

- **Plan Type**: Team or individual based incentives?
- **Plan Term**: Time period for achieving objectives?
  - Should the incentives be short-term or long-term?
- **Plan Method**: Calculation method
- **Plan Periodicity**: Frequency in which variable pay is paid out
HOW Do You Motivate Staff To Achieve Your Objectives?

• Lastly, predetermine the length of time the plan will be in place before modification
The Communication Plan Answers These Questions:

- Why was the compensation program designed?
- What business goal is the program designed to achieve?
- How does it link to overall organizational strategy?
- How competitive is the program?
- What behaviors will it motivate?
- How are individuals affected?
Case Study: Manatee Glens

- Heidi Blair, Vice President of Administrative Services, Manatee Glens
- Deborah Kostroun, MHSA, SPHR, Chief Operating Officer, Manatee Glens
Case Study – Incentivizing Performance

Deborah Kostroun, MHSA, SPHR
COO, Manatee Glens
Heidi Blair, MBA
VP of Administrative Services Manatee Glens
Why Incentivize?

• Demand for higher salary by licensed staff
• Quality requirements (JCAHO, PQRS, MU)
• Improve fiscal position
• Meet strategic goals
• Reward overachievers
• Stretch dollars
Communication of Incentives

- Individually by contract
- Invitation (private practice)
- Bonus plan – written guidelines
- Executive reports
- Staff meetings
Productivity Incentives

- Productivity via employment classification
  - Physicians, ARNP’s, therapist, case manager, accounts receivable, patient accounts
- Minimum standards generally not subsidized
- Must be easily calculated and supported by data available to both staff and management
- By practice makeup (children, adults, hospitalists, intensity of service)
Recommendations

• Guidelines
  • Short term
  • Measurable
  • Achievable
  • How to stop when no longer necessary

• Alternatives
  • PTO time
  • CME time
  • Choice of assignment

• Transparent
Example – Physician Incentives

- Individual Incentive
- Incentivizing Requirements
- Timely documentation, conforming to practice patterns, productivity
- Paid quarterly
- Easily calculated
- By practice makeup (children, adults, hospitalists)
- Based on market demands
Example – Licensed Therapists

- Individual incentive
- Based on previous good standing
- Timely documentation required
- Based on client service
- Paid biweekly
- Easily calculated based on report
- Associate staff working reduced hours
- Consider long term success for a higher wage
# Daily Services Report

**1/6/2014 - 1/10/2014**

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**Days Count of Services for 1/9/2014:** 19

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**ANY Outpatient Pre-Admit**

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**Days Count of Services for 1/10/2014:** 13

2:00

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Report Total Service Count: 84
Example – Accounts Receivable

• Group incentive
• Three indicators (days in AR, monthly collection goal, denial rate)
• Based on strategic needs
• Paid quarterly
• Goals reviewed weekly/biweekly with staff
• Sunset procedure – eventual increase in wage to meet market demands
• 20% reduction in days in AR, exceed collections by several thousand.
Future Considerations

Meaningful Use Stage 2 incentivize achievement?
PQRS to avoid penalty pass on to provider?
HBIPS for compliance change assignment?
Future Considerations

Non BH positions

how to meet market
demanded salary?

Alternative incentives

work from home, job
sharing, benefits for
part–time?

Physician helpers

assistance for those not
meeting standards?
Questions?

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Heidi Blair
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Questions & Discussion
References


• OPEN MINDS Circle: Compensation Model Second, Strategic Plan First: http://www.openminds.com/market-intelligence/intelligence-updates/091113-productivity-erl.htm


Surveys

Hospital and Healthcare Compensation Services – Physician Salary Survey Report  www.hhcsinc.com

Medical Group Management Association – Physician Compensation and Productivity Survey  www.mgma.org

ECS Watson Wyatt – Hospital and Health Care Management Compensation Report  www.watsonwyatt.com

The market intelligence to navigate. The management expertise to succeed.