

# Health Care Consulting Group

*Healthcare Expertise, Experience and Insight*

## Financial Performance in an Uncertain Environment

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October 16, 2010

## Our mission...

To continually improve the performance of medical group practice professionals and the organizations they represent

- Established in 1926
- Over 22,000 members...
- Manage and lead 13,700 organizations
- About 275,000 physicians

# Agenda

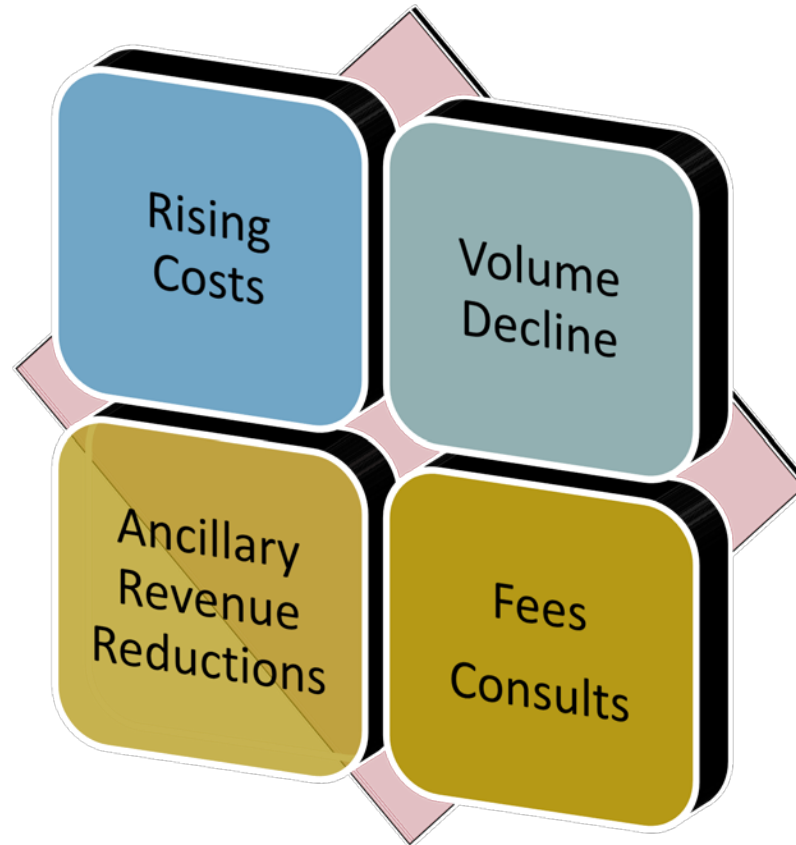
- Assess the current environment
- Identify tools and methods to evaluate your practice's current performance
- Explore options for improved financial performance
- What's next?

# The Current Environment: Today





# The Internal Environment



# The External Environment

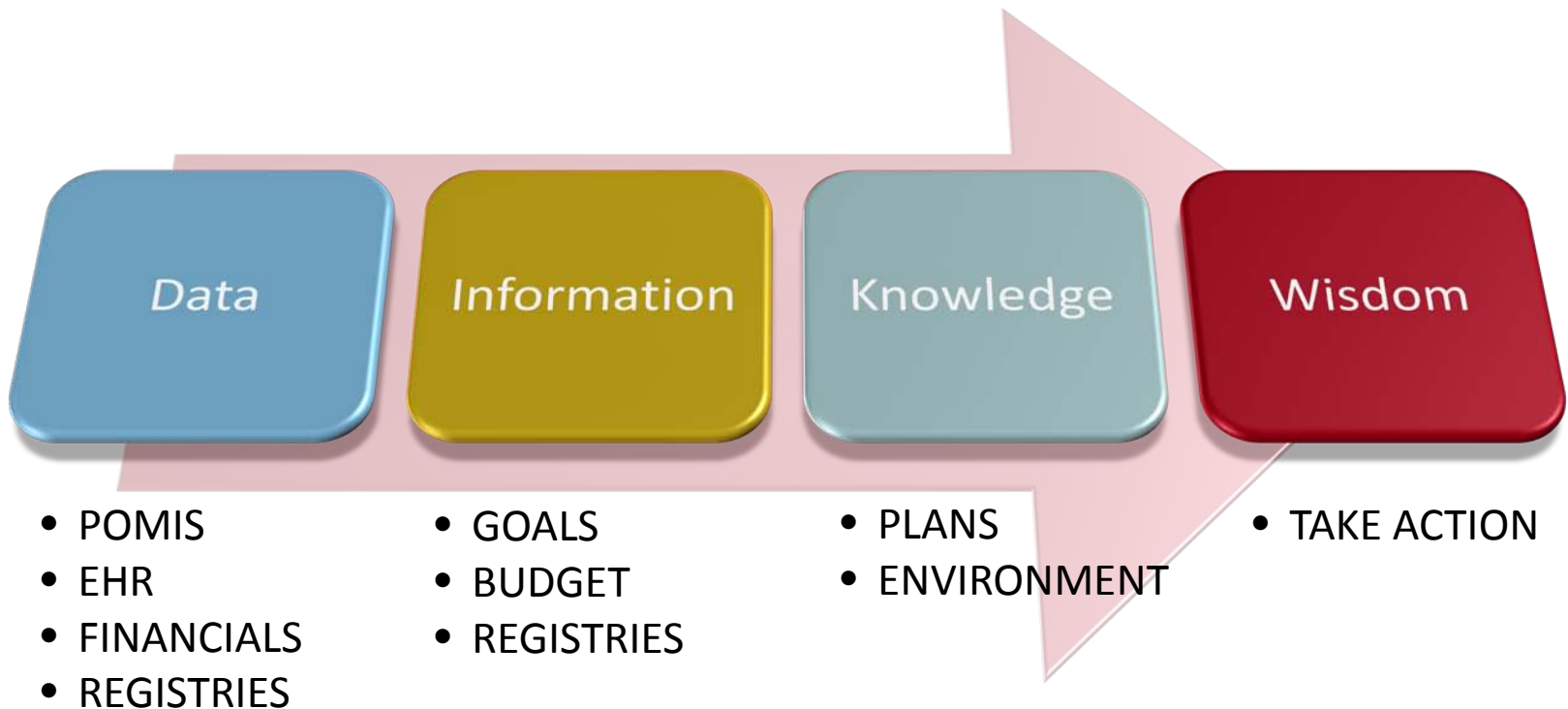


How Are We Doing?  
How Do We Know?

# How Are We Doing?



# How Do We Know?



# Ask these Questions

- Does the strategy, tactic, policy, procedure, process and decision...
  - Maintain or enhance clinical quality?
  - Maintain or enhance service quality?
  - Maintain or enhance provider productivity?
  - Maintain or enhance operational and financial viability?

Where Do We Begin?  
What Are Our Options?

"If you're not at the table, you're on the menu."

- UNKNOWN

# Selected Integration Options

**Least Integrated**

**Group Merger**

**Clinically Integrated Network  
(IPA)**

**Clinically Integrated Network (PHO)**

**Hospital-Owned Clinically Integrated Network**

**Hospital Clinic Prof. Svs. Agreement/Staffing**

**Health System/  
Hospital Subsidiary Group Practice**

**Hospital Direct Employment**

**Most Integrated**

*Hospital/Health System Participants*



*Physician Participants*

Source: How to Avoid Pitfalls on the Path to Integration

# What Are Your Options?

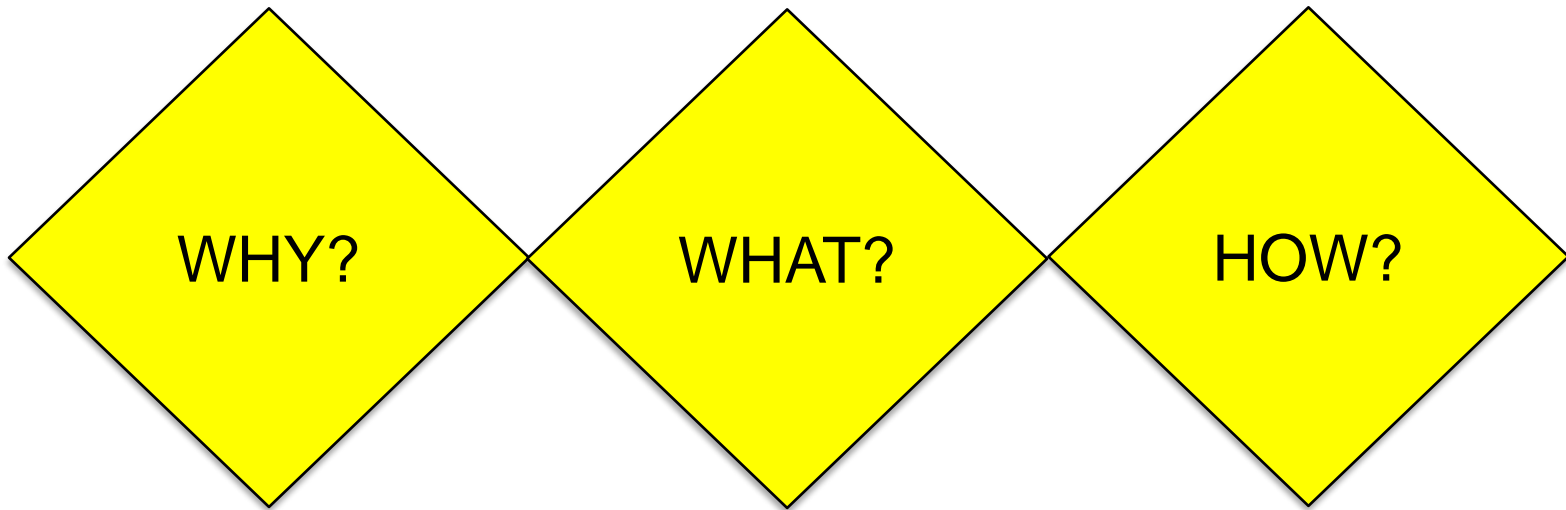
- “Integration” and “integrated systems” involve:
  - Physician-to-physician integration
  - Physician-hospital/health system integration
  - Other forms
- Structures to address changing payment (external) and delivery system (internal) needs
- No “one size” fits all solution
  - Community size and market dynamics – urban vs. rural
  - Market and third party payer conditions
  - Legal requirements and opportunities
  - Cultural differences – local practices and historical “baggage”

Source: How to Avoid Pitfalls on the Path to Integration

# Theme and Variations

- Direct employment models
- Captive group, equity and foundation models
- MSO
- Co-management
- Clinical institute
- ACO
- Joint ventures
- PEM – Physician Enterprise Model
- IT deployment

# Cautions Along the Road to Integration



# How to Analyze The Various Models (Lessons Learned: Key Factors for Success)

## Three Key Tenets

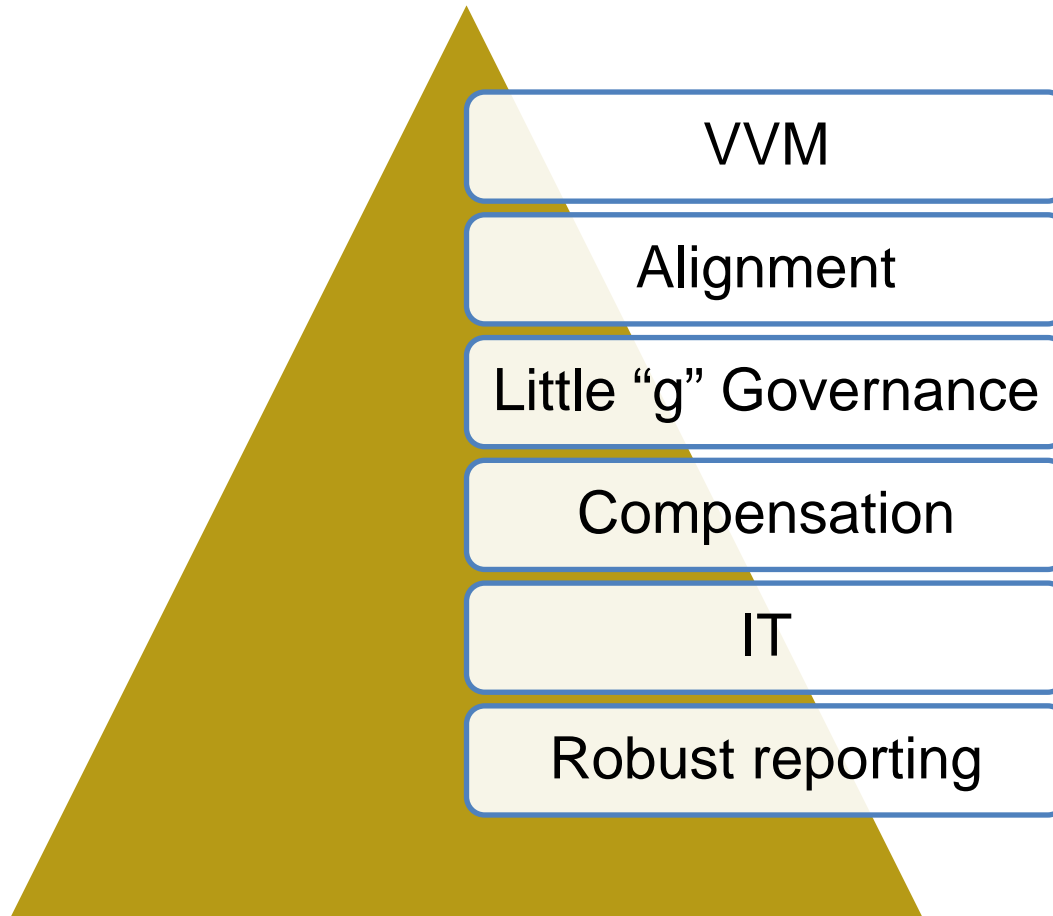
# Successful Model

Price

Quality

Efficiency

# Lessons Learned



# How to Analyze the Model

1. Is the vision patient-centered and the organization focused on quality, price and efficiency?
2. Does the model embrace development and measurement of performance goals?
3. Is the model led by physicians and managed by professionals?
4. Does the model provide meaningful physician leadership and involvement in organizational strategic planning?
5. Is the model based in a valid and clearly articulated alignment philosophy, and does it foster behavioral alignment, or just contractual alignment?

# How to Analyze the Model

6. Does the model provide alignment of incentives based on performance metrics including productivity, quality, and cost control?
7. Does the model provide for a high degree of physician leadership in service-line development and/or co-management?
8. Does the model provide for the recruitment of new providers without personal financial risk to physicians?
9. Does the model embrace a strong IT vision?
10. Does the model embrace a strong commitment to transparent, consistent, accurate and timely reporting?

# How to Analyze the Model

11. Does the model embrace evidence-based care and full clinical integration?
12. Does the model embrace tenets of the PCMH and ACO?
13. Does the model embrace a culture of process improvement?
14. Does the model align economic risk and control?

# Summary

- Environment: "If you're not confused, you don't know what you are talking about."
- Assess your practice
- Explore your options
  - Understand your why, what, and how
  - Do your due diligence
  - Understand regulatory considerations

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Thank you!