



# Improving Physician Enterprise Performance in Public Hospitals

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Today's public hospitals are a diverse set of essential hospitals facing many of the same challenges experienced by other not-for-profit healthcare providers, but often to a greater extent and with added layers of complexity. For public and safety-net hospitals, the challenges to achieving high performance can be particularly acute given one or all of the following characteristics:

- Additional complexity around care delivery models, staffing, workflows, and productivity due to high levels of uninsured or underinsured patients who have a larger burden of social determinants of health
- Intense financial pressures due to a challenging payer mix, heightened by the need to subsidize a broader set of services/programs to address health disparities and environmental risk factors
- Facilities that may be older, more multi-purpose, and less suited to efficient ambulatory services and/or care models
- Provider and staff burnout that may be more prevalent due to the complexities and challenges facing public and safety net hospitals
- Higher turnover of providers and staff further exacerbated by recruiting challenges

## Key Board Takeaways

The board should ask management the following questions:

- Are we effectively communicating with our patients and community to understand how we can improve care delivery from their perspective? If so, what are our opportunities to improve performance?
- Do our administrative and physician leaders have a clear understanding of their respective roles and accountabilities?
- Is our physician enterprise leadership aligned with broader health system strategic requirements and performance expectations?
- How is our physician enterprise currently performing across clinical, financial, operational, and service dimensions?
- What is our approach to identify and address opportunities for improvement across our physician enterprise?
- How are we monitoring our effectiveness and performance—clinical outcomes, patient and family experience, operational efficiency, financial sustainability?

- Fewer and/or less flexibility with staff resources given budget constraints and recruitment challenges
- Complex organizational/governance structures and processes that may inhibit nimble decision making and, without clarity and role definition, may limit the ability to be market competitive

Real financial pressures compel public hospitals to move past complacency and address fundamental performance of their strategic business units. The physician enterprise is just one of those strategic business units, yet it is core to the clinical enterprise,

critical to enabling the achievement of the organization's mission, and key to hospital and health system clinical, operational, and financial performance.

Physician enterprise management and operations have a direct impact on all major components of a hospital or health system's performance including patient access, engagement, and experience; clinical outcomes, referrals, and capacity; and billing and collections. Physician enterprise capabilities and leadership are critical to transforming care delivery and cost structure in an environment of shrinking revenue, increased public scrutiny, and increased risk.

Improving physician enterprise performance is a strategic priority for all public hospitals and health systems—whether small community-based or critical access hospitals, academic medical centers, or large integrated networks.

### Moving to a High-Performing Physician Enterprise

Expanding patient access and maintaining sustainable financial performance requires physician enterprises to be managed and operated as highly functional strategic business units, with clearly defined performance expectations and leadership who report directly to hospital/health system executives and are accountable for meeting operating standards and financial targets, as well as clinical quality and performance metrics. This is a huge shift for most organizations—one that requires higher levels of alignment and

collaboration between physicians and their administrative partners; redefined governance structures and leadership roles with clearly defined and understood performance goals; and physicians who are skilled at leading and actively engaged as accountable owner-operators. The framework below describes the key dimensions and characteristics of high-performing physician enterprises.

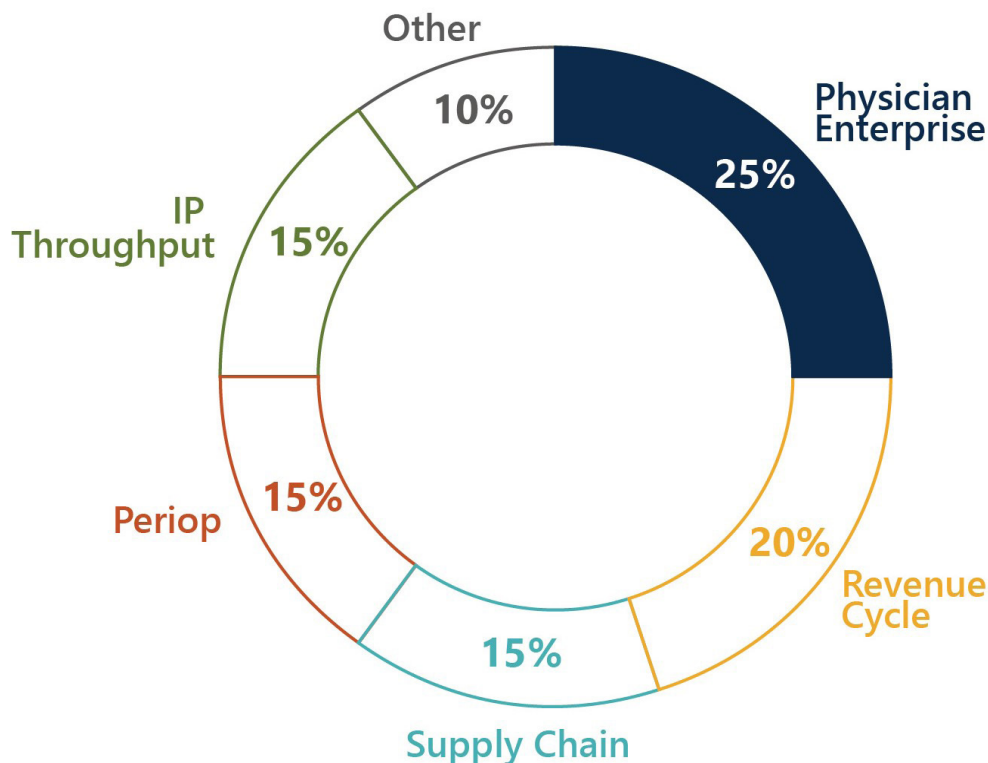
#### *Patient at the Center*

At the core of a high-performing physician enterprise is the patient—all processes, communications, support structures, and care models are designed around the patient’s needs given their situation and preferences. A “customer service orientation” permeates the organization with a focus on care delivery and the support services that make a meaningful difference to patients, some of

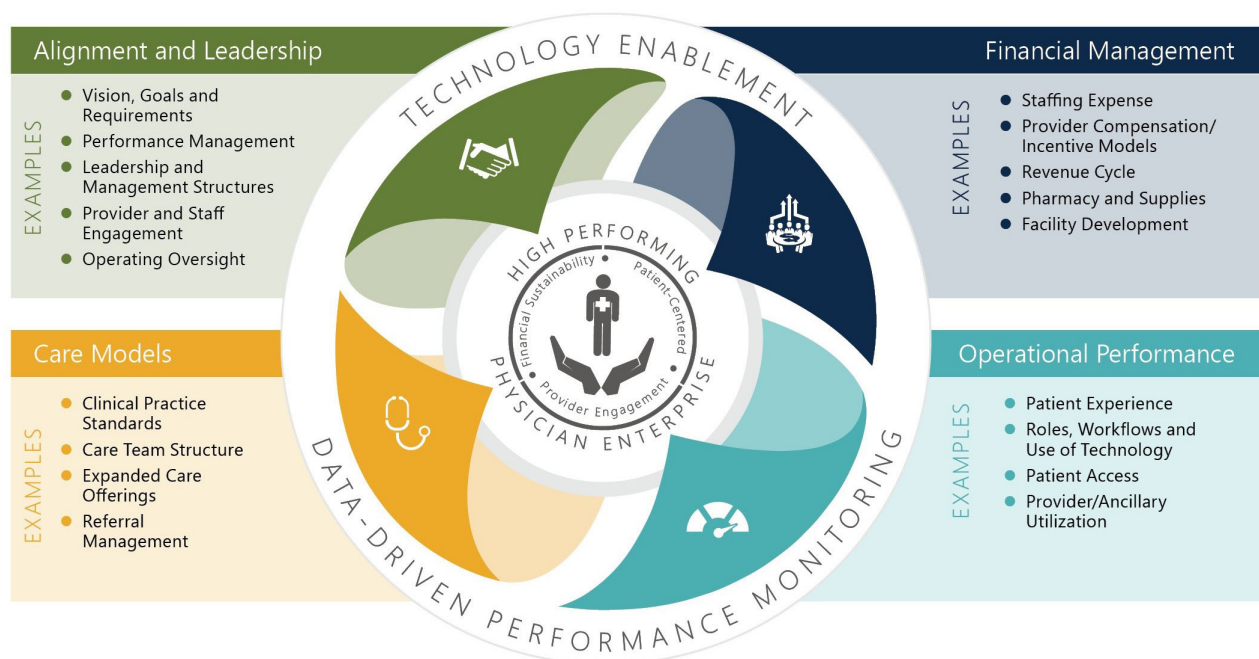
Many organizations assert that they are avoiding tackling performance management of their physician enterprise until other priority areas have been improved. However, when quantified, it is clear that the significance of the physician enterprise and its impact on the overall organization requires action.

A northeastern safety-net health system with \$1.5 billion in revenue and 500 employed physicians faced physician enterprise operating losses of \$20 million, on top of nearly \$90 million of institutional support to the physician enterprise. A comprehensive assessment revealed improvement opportunity in medical group performance of \$25 million or 25 percent of the total opportunity identified for this health system; this was greater than the revenue cycle opportunity and significantly dwarfed the identified supply chain opportunity.

Exhibit 1: Physician Enterprise Performance Improvement as Percent of Total Improvement Opportunity



## Exhibit 2: Key Dimensions of a High-Performing Physician Enterprise



whom struggle with the most basic or essential needs such as housing, transportation, or economic stability. Providers are able to focus on patient care delivery and are supported by patient-oriented services and programs to address these essential needs as well as optimized technology and robust, meaningful data that enables them to make data-driven decisions and monitor ongoing performance.

### *Alignment and Leadership*

There is strong alignment across the health system and physician enterprise, and an organizational culture that reflects a trusting and collaborative working relationship. Governance and management structures support shared decision making and accountability, with

well-defined leadership roles with clear accountabilities and expectations for performance. There is recognized value in developing strong physician leaders.

### *Financial Management*

Financial results reflect how well operations are managed, how efficiently and effectively resources within the care model are deployed, and how effectively leadership accountability is established and adhered to within the organization. Budgets and financial reports are successfully deployed management tools that support operations and achieving target results. Revenue cycle processes are measured against performance expectations and optimized for efficiency, focusing on front-end accuracy to

minimize back-end intervention. Physician compensation and incentive structures are consistently deployed; create alignment with desired behaviors, strategic priorities, and performance expectations; and support an engaged provider community.

### *Operational Performance*

Efficient operational processes and workflows support high levels of patient, provider, and staff satisfaction; consistent processes and operational standards across locations and specialties ensures a reliable patient experience and facilitates seamless management and sharing of resources; physicians, advanced practice providers (APPs), and other licensed care providers are optimally productive and fully supported by effective processes, tools, and systems; and care team staff work to the top of their license, facilitating provider focus on patient care delivery and medical decision making. Front-end tools and processes—including scheduling,

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registration, provider template management, patient progression, use of virtual technology, and system navigation—are optimally deployed and facilities and capital resources are fully utilized to ensure ease of patient access and support optimal provider capacity and volumes.

### *Care Models*

Care models are structured to meet diverse needs and expectations of a diverse patient population in an evolving consumer-oriented and value-based environment. Workflows and care team roles have been consistently defined

to enable greater efficiency and ability to share resources across the clinic enterprise. This also includes deploying APPs and other licensed staff appropriately within the care team, defining clinical practice standards that create consistency in complex care management, and a truly integrated approach to care delivery across multiple disciplines. Referral management robustly and effectively optimizes the experience of the entire care team, including the patient, and drives the clinical coordination necessary to enable patient engagement and advocacy.

Improving the performance of the physician enterprise requires a

diverse set of strategies and tactics that tailors the solution set to the needs of the populations served, the situational context of the physician group, and the individual hospital or health system. Board members have an important role to play in bringing forward—and keeping front and center—the unique needs of the patient population and broader community. Board members should actively engage with their management team to ensure that the physician enterprise and health system are working together to most effectively address those needs and better serve their community.

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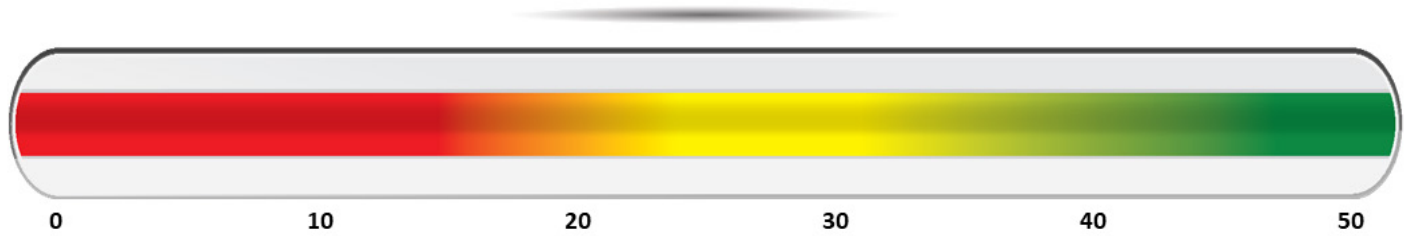


## Assessing Your Physician Enterprise

Comparing your organization to the leading practice scale below can help improve understanding of your current performance and potential improvement opportunities. Give your organization a score for each practice with a scale of 0 (does not reflect leading practice) to 5 (consistently reflects leading practice).

### *Leading Practices:*

1. Our culture deliberately **places the patient and their family at the center** of all our operating decisions and daily workflows. Examples include: provider schedules make it easy for patients to receive care when, where, and how they prefer; we provide single registration across the enterprise; patients are consistently greeted warmly and with timely communication updates; patients' time is respected.
2. Our **providers are aligned with the organization's vision and goals**. Operational and performance goals are established through a collaborative process that includes physician enterprise clinicians and executives and health system leadership. Performance is actively monitored and measured, and our providers feel accountable for achieving performance goals.
3. We have a **physician-led, professionally managed organization** with clearly defined leadership roles and a well-functioning leadership model (e.g., dyad or triad leadership partnering). Management positions have clearly defined and broadly understood competency, experience, and education requirements.
4. We have a **fully integrated approach to complex and chronic disease management** that effectively coordinates between primary and specialty care on behalf of our patients and addresses any known barriers to care plan adherence. Clinical practice standards are uniformly defined including outcome metrics and robust performance management. Clinical support roles (e.g., social work, behavioral health, APPs) are well defined and optimized across specialties.
5. When we receive referrals from outside physicians, we have **efficient processes in place to ensure their patients receive timely and appropriate care**. We have effective communication tools that allow us to inform referring providers about the status of their patients and the care being received, and to receive feedback on referring provider experience. Our access standards for new and existing patients are well-established and distinguish us in the market.
6. Our physician enterprise **helps patients navigate to the level/modality of care that best meets their needs** (e.g., provider office visit, urgent care, e-visit, email/portal communication). No matter which interaction is chosen, the patient has a welcoming, hassle-free, expedient experience; fully understands what to expect and what to bring to the appointment; and has a single point of contact into the system.
7. All **care team members work to the top of their license**, and daily tasks are distributed appropriately across the team, allowing providers to focus on clinical decision making and high-value patient interactions. Communication among team members and with patients is clear, complete, and eliminates unnecessary repetition.
8. **Revenue management is optimized** and leverages effective contracting that recognizes specialty differentiation. The registration, financial clearance, eligibility, coding, billing, and collection processes are all hardwired and effectively managed across the organization.
9. Our **provider compensation and incentive models are consistently deployed and create alignment** with desired behaviors, strategic priorities, and performance expectations, and support an engaged provider community.
10. We have **actionable plans to deploy, leverage, and continually advance technology-enabled care delivery and digital solutions** such as virtual visits, telemedicine, etc. Our systems promote real-time management decision making and support data-driven performance improvement.



*Early*



Individual physician preferences are still typically driving day-to-day operating decisions around patient access, schedule and template management, and staff roles. Opportunities exist to evaluate leadership and management roles, establish consistency in access and growth expectations, and define common support staff roles and care team models.

*Evolving*



Typical characteristics generally include defined physician leadership roles and physicians that demonstrate an “owner-operator” mindset for group performance. Opportunities exist to evaluate the leadership model for adequate differentiation between strategic and operational oversight, growth, and access targets that are tied to system goals and budget targets, and consistently deployed care teams that position the physician enterprise to successfully manage patient populations in value-based care models.

*Advanced*



Common characteristics include policies and expectations that support system-wide policies and expectations, and aligned performance targets that support system vision, goals, and financial performance. Clinical care is planned and purposeful across multiple specialties based on patient population segmentation and patient cohorts. Opportunities exist to evaluate approaches to consumer-driven healthcare (e.g., multi-modal access points including online or app-based scheduling, e-visits, virtual care, etc.).