

ENGAGING PHYSICIANS AROUND FINANCIALS: WHY AND HOW?

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The cycle of hospitals acquiring physician practices is one with which we are all familiar. Hospitals purchased more than 8,000 physician practices from July 2016 to January 2018, and an estimated 14,000 physicians left private practice to pursue employment arrangements with hospitals.¹ With the purchase of these practices, hospitals have taken over the financial administration of physician practices—in a sense. Many hospitals allow acquired practices to continue operations much as in the past, but have overlaid administrative overhead and put administrators in charge, removing physicians from active engagement around the “business” side of physician practices. Some physicians prefer this model, as the move from ownership to employment is partially prompted by the desire to focus solely on providing care. Further, more physicians are entering employment immediately after medical school; as of 2016, 85% of specialists and 88% of primary care physicians under 40 are employed.² These physicians have little to no training on the business of healthcare. In a survey of 1,400 physicians, some claimed they “had not been trained to understand the financial consequences of their decisions for the patient or the health system overall”³.

Not engaging physicians around the financial aspects of their practice compromises the practices’ financial performance. Physicians still drive the financial performance of the practice by the number of patients they see, how they bill and code for services provided, utilization of resources, and others. Further, physicians should be educated about the financials of the practice to help identify unwarranted variation in practice patterns and preferences⁴.

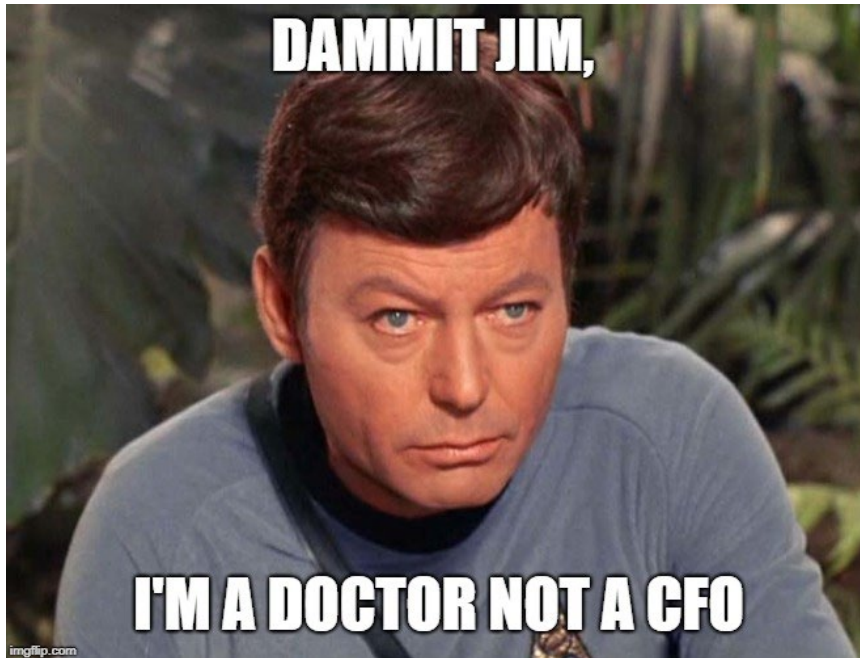
So how do you go about engaging with physicians to become concerned about the financial performance of the practice? The go-to method for many hospitals is the use of a monthly dashboard. A monthly dashboard with key indicators of performance can allow the physicians to identify areas that need to be addressed on a regular basis. Important components to include in this dashboard for the physicians are overall practice revenue and expenses, WRVUs by provider, average revenue per visit, cost per patient, and staffing ratios by provider. Information on the dashboard should be presented with the historical trend, current performance and any target thresholds that have been established (such as WRVU targets tied to productivity compensation). However, these dashboards cannot be simply emailed to the physicians on a monthly basis. As we noted, many physicians do not have the financial training to understand what these numbers mean on their own.

¹ Terry, Ken., “Hospitals Continue to Acquire More Physician Practice”. Medscape Medical News, February

² Dyrda, Laura. “5 Statistics on Self-Employment Among Young Physicians”. Becker’s ASC Review, September 2016.

³ Kumar, Pooja, MD, Anna Sherwood, and Saumya Sutaria, MD. “Engaging Physicians to Transform Operational and Clinical Performance.” The Post-reform Health System: Meeting the Challenges Ahead, May 2013.

⁴ Priore, R. (2017, October). *MGMA 2017 Annual Conference*. Retrieved from Engaging Physicians in Financial Accountability.



Physicians should be meeting with the practice administrator in person to review the dashboards, ask questions, and address issues that have arisen. These meetings will often bring about opportunities for improvement, such as coding education to improve reimbursement or create EHR efficiencies by training physicians on what documentation is actually required; improved APP utilization for follow-up patients so that a physician can focus on new patients; and, as more practices are included in ACO models with payments tied to value, understanding how to address the highest cost patients.

As hospitals work to create these dashboards, a critical element is the accuracy of the data. Incorrect data can quickly derail physician engagement (for example, make sure WRVU reports can be reconciled with previously provided data). Administration must demonstrate a commitment to only pushing for changes that are validated by real information. If a physician suspects that the WRVUs presented are incorrect, administration must involve the revenue cycle team to demonstrate the accuracy, or address any inaccuracies. In a recent Stroudwater client project, physician engagement around WRVUs uncovered problems in the billing cycle both on the physician side (timeliness of charts being completed and thus charges being entered) and with revenue cycle (the billing company was issuing claims that did not match the physician charts due to changes or updates in codes being used).

Finally, there needs to be a cultural shift among physicians to maintain momentum in developing an understanding of financial performance. Having physicians in key senior leadership roles within the hospital or health system who are helping make executive decisions on monthly dashboards and similar tools creates a mindset of inclusion around cost reduction ideas⁵. Physician representation can help

⁵ "Engaging Physicians in Financial Planning and Performance Improvement." Maximizing Reimbursement Starts with Patient Access | HFMA. June 29, 2017. Accessed March 04, 2019. <https://www.hfma.org/Content.aspx?id=54731>.

drive cultural change and enhance sustainability around education of financial performance in physicians.

As the complexity of healthcare payment and reimbursement continues to grow, it is crucial that physicians understand the financial impacts of their decisions, and are included in the financial planning of the practices in which they participate. Physicians are the key resource in achieving peak performance of the practice and sustainable financial health. Engaging those physicians, and thus benefiting from that engagement, requires meeting physicians where they are with their financial knowledge, educating them about important metrics, addressing opportunities with reliable data, and involving physician leaders in key decisions.

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