Evaluate Your Physician Compensation Plan

Conduct a SWOT Analysis

Our Mission and Vision

**Mission**
To take care of people with passion, pride and respect.

**Vision**
The best place to get care. The best place to give care.
Best Place to Get Care

Prevea Health was founded in 1996 as a 50/50 partnership between area physicians and St. Vincent & St. Mary's Hospitals.

More than 400 primary care and specialty providers now offer care in more than 60 medical specialties—many not found anywhere else in the region.

Prevea Health is recognized as a national leader in the wellness movement with proven leadership and documented results.

Best Place to Get Care

Today, Prevea cares for patients through 37 health centers and 27 employer-based clinics.

Now affiliated with four hospitals
- HSHS St. Vincent and HSHS St. Mary’s Hospitals in Green Bay
- HSHS St. Nicholas in Sheboygan
- HSHS St. Clare Memorial Hospital in Oconto Falls
Best Place to Get Care

In 2014, Prevea Health received its best customer service scores to date.

- 93rd national percentile for 2014 Year End.
- 11 of the 12 months were above the 90th percentile.

Objectives

Assess the ability of Prevea’s compensation approach and philosophy to support continued organizational success in a changing health care environment;

Determine Prevea’s internal strengths and weaknesses relative to its physician/provider goals and objectives;

Determine external opportunities and threats for Prevea given current and future market conditions;

Garner feedback from physicians and administrators across the organization;

Summarize the above in a SWOT analysis (strengths, weaknesses, opportunities and threats); and

Facilitate discussion with leadership to validate findings, implications and next steps.
Data Review and Analysis

Market, operational, financial, patient satisfaction and compensation plan data were reviewed for this portion of the analysis.

These categories of data are often interrelated:

- Operational issues can impact quality
- Quality can impact financial performance

Information was abstracted and classified within the SWOT framework.

Preliminary operational and strategic implications were developed.
Prevea has a strategic plan with goals identified across seven pillars in support of Patient First. Through the stakeholder interviews many shared that they had limited knowledge of the details of the strategic plan, which can be viewed as a weakness for the organization.
Volumes have been consistent or growing in Green Bay with strong gains in Sheboygan as well.

The high-level overview appears very favorable from a percentage growth perspective.
There has been an increase in physician and midlevel provider FTEs at Prevea since FY 2011. FY 2015 budgeted staffing is noticeably higher than the prior years.

Operational / Financial Indicators

Sheboygan is weighted slightly more towards commercial business. Feedback from interviews suggests a strong expectation that the stable payor mix will continue; however, bad debts are increasing based on discussion with leadership.
Patient Satisfaction

Prevea’s patient satisfaction mean score has increased steadily. The national percentile rank has reached its highest level in the past two years and is a strength for the organization.

Compensation Plan Review

The compensation plan includes the following key elements:

- Tiered work RVU-based system for most specialties
- Highest conversion factor reached is retroactively applied to first work RVU
- Collections-based model for certain specialties (e.g., GI, general surgery, orthopedics)

Market data are tied to a single survey source (MGMA).

Substantial "outside income" is produced by some physicians with a material impact on pay.

Confusion amongst physicians whether citizenship is 5% or 10% of compensation formula.

Little or no compensation tied to value-based metrics (exception: hospital-based providers with bonus metrics that may change annually).
Compensation Plan Review

The Compensation Committee identified the following major objectives for the compensation plan in 2007:

• A productivity-based compensation plan that results in market pay for market work.
• A collections-based plan that is payor neutral at the individual level.
• Incentivizes overhead expense control.
• Is compliant with current regulations, while rewarding appropriate income opportunities.
• Includes clinic citizenship (accountability for measurable aspects of individual citizenship as a member of Prevea).
• A simple plan that provides transparency in its administration.

Compensation Plan Review

In the Market Percentile Analysis each physician is plotted on a grid graph based on his or her compensation and production percentile rank:

• Indicates where compensation and production are above or below market midpoints
• Each provider’s compensation and production were adjusted to a 1.0 FTE for survey data comparison
• For this FTE adjustment, compensation and production data were divided by FTE status; additional adjustment was not made for potential change in compensation tier under the Prevea compensation plan

In the individual specialty grid graphs, the data points include the specialty-specific compensation amounts and work RVUs:

• Key percentiles are indicated on the graphs
• The same adjustment to a 1.0 FTE was applied
Compensation Plan Review

Overall compensation level is very competitive relative to market:

• Large number of providers in Quadrant I (lower production, higher compensation)
• Some physicians with compensation >P90 have production <<P80

Additional review of business factors that support compensation at the higher levels of market is indicated for several physicians, particularly in surgical specialties:

• Excess call burden
• Additional shifts
• Extra duties

SWOT Summary – Market Assessment

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>Prevea’s market leadership position in Green Bay</td>
<td>Many physicians with productivity below market median for specialty</td>
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<tr>
<td>Overall favorable payor mix</td>
<td>Gaps between production level and compensation level in some specialties</td>
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<tr>
<td>Contractual relationship between HSHS and Prevea with mutual benefit</td>
<td>Lack of clarity of future role of non-productivity metrics in compensation plan</td>
</tr>
<tr>
<td>Excellent patient satisfaction results</td>
<td>Compensation plan based on one survey data source</td>
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<tr>
<td>Competitive physician compensation for many specialties</td>
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<table>
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<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tbody>
<tr>
<td>Prevea’s increasing market position in Sheboygan</td>
<td>Inpatient market size has decreased since 2009</td>
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<tr>
<td>Increase same-day surgery market size</td>
<td>HSHS same-day surgery market share has declined</td>
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<tr>
<td>Increase work RVU production in some specialties</td>
<td>Potential future changes to call pay and other income sources</td>
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<td></td>
<td>Increasing bad debt expense - HDHPs</td>
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<td></td>
<td>Sustainability of providers with compensation %ile rank well above production %ile rank</td>
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Stakeholder Feedback

Stakeholder feedback was acquired through two methods:

- Online survey
- Personal interviews
Stakeholder Feedback: Online Survey

Questions covered topics including:

- Strategic alignment
- Teamwork
- Clinical practice
- Change management
- Governance
- Communication
- Finance and compensation
- Quality

Strategic Alignment (part 2)

Highest Overall

Section high score

Section low score
The score on readiness to embrace change to improve quality/reduce cost may suggest a need to work on change management as an investment for the future. The response to question #33, the highest-scored question in this section, may indicate a disconnect from question #30 where readiness to embrace change was rated low.

Some of the lowest scores of the overall assessment were focused on finance and compensation. The score on questions like #50 regarding innovation elicits similar concerns to the earlier question regarding readiness for change around quality improvement/cost reduction.
There is a high degree of comfort with a productivity-based compensation model. The concerns about more focus on pay-for-performance could be an issue as the market changes.

Stakeholder Feedback: Online Survey

Some responses to the free-response question "I believe the following should be changed with respect to the physician compensation program..." included:

- Primary care should be tying compensation to quality. In order to do this we need to be able to see information on quality.

- We are currently overly focused on production, and we have to gradually adapt the comp plan as reimbursement changes. That means a switch from exceptional pay for exceptional production to average pay for production with a bonus for exceptional value/service/quality.

- Would like to see more patient centered care reimbursement. With the huge push (which is great for our patients), it has also placed an excess amount of extra work on the physician. Most sites have now dedicated a staff member to do this, but a great majority of the decisions are still on the physicians who aren't allotted (paid) time to complete this...

- The compensation formula is difficult to follow. Changes are not visible or readily available. I could not tell you how to find my RVU conversion rate for this year much less the past 5 years.

- Production needs to be a component of our comp formula. However, the current system gives too much credit/RVUs to proceduralists.

- I can agree with higher comp per RVU at a higher tier, but then rewarding all the lower tiers at this higher rate is excessive. The main culture change we need is to move away from trying to maintain the excessive pay some specialties receive...
Stakeholder Feedback: Personal Interviews

In general, there was a great deal of consistency in feedback provided by the interviewees; themes that emerged included:

- Prevea Health has strong financial performance
- Financial and operational reporting is transparent
- Reduced reimbursement poses a future risk
- Commercial rates are good with little short-term concerns
- Work RVU production is the focus
- Leadership focuses on the right issues
- The HSHS relationship is mutually beneficial
- We don’t need to change before the environment changes

FINANCIAL
LEADERSHIP
STRATEGIC
STRATEGIC / MARKET

SWOT Summary – Stakeholder Assessment

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<tr>
<td>• Emphasis on patient satisfaction, which is</td>
<td>• Disagreement regarding level of organizational focus on lowering cost of care</td>
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<td>validated by Press-Ganey scores</td>
<td>• Comparatively low score on discussing/resolving clinical practice differences</td>
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<td>• Communication is considered free and open</td>
<td>• Low score on provider readiness to embrace change to improve quality/reduce cost</td>
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<td>• Strong emphasis on financial performance</td>
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<td>• Refinement of the quality agenda</td>
<td>• High emphasis on productivity with lower emphasis on value-based metrics due to perception of market not changing</td>
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<td>• Alignment between quality and rewards to</td>
<td>• Risk of financial changes impacting hospitals</td>
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<td>drive focus and results</td>
<td>• Risk of reduced reimbursement, even if primarily for government payors (including P4P programs)</td>
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<td>• Increased emphasis on infrastructure and</td>
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<td>reporting for quality improvement</td>
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<td>• Further development of readiness for</td>
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<tr>
<td>change/building a culture of innovation</td>
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### SWOT Analysis (Overall)

#### Strengths
- HSHS inpatient market leadership position
- Prevea’s market leadership position in Green Bay
- Favorable payor mix
- Contractual relationship between HSHS and Prevea with mutual benefit
- Strong emphasis on financial indicators
- Excellent patient satisfaction results
- Competitive physician compensation in many specialties
- Communication is considered free and open

#### Weaknesses
- Sustainability of many providers with compensation percentile rank well above production percentile
- Many physicians with productivity below market median for specialty
- Lack of clarity of future role of non-productivity metrics in compensation plan
- Compensation plan based on one survey data source
- Physicians expressed varying levels of knowledge of the strategic plan

#### Opportunities
- Prevea’s increasing market position in Sheboygan
- Same-day surgery market size growth
- Improve work RVU production in some specialties
- Refine the quality agenda and supporting infrastructure
- Strengthen alignment between quality and rewards to drive focus and results
- Further develop readiness for change/build culture of innovation

#### Threats
- Inpatient market size has decreased since 2009
- Risk of reduced reimbursement, even if primarily for government payors (including P4P programs)
- Risks of financial changes impacting hospitals
- Potential changes to call pay and other income sources
- Emphasis on productivity with less emphasis on value-based metrics due to perception of local market not changing
Questions and Answers