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# Evolution of the Physician Marketplace in Northern California



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# Presentation Outline

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- Evolution of Medical Groups
- Market Evolution for Physicians
- Organizational Models
- Physician Leadership
- Physician Contracting
- Why develop a Clinic
- Physician Alignment
- Practice Purchase Options
- Management Systems



# Evolution of Medical Groups

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- Aging of Medical Staffs
- Physicians leaving for employment options to Kaiser and Sutter
- Evolution of an integrated multispecialty group practice
- Profits from Ancillaries used for Cross Subsidy of PCPs
- IPAs are aging and must reposition
- Musical chairs for specialists



# Market Evolution for Physicians

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- Permanente and Sutter building regional fully integrated medical groups
- Wrap around IPAs used by Sutter and others
- John Muir, Valley Care, North Bay, PAMF and other regional groups growing
- Regional IPAs considering options
  - Forming Foundations
  - Building EMRs and HIEs
- Hospitals seeking to work with their physicians and provide employment options



# Implementation in Northern California

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- South Bay
  - PAMF-- Stanford
  - Mt View -- El Camino
  - Santa Cruz – Dominican
  - Redwood City –Sequoia
  - Burlingame -- MPMG
  - Fremont – Washington
  - Castro Valley – Eden
  - Pleasanton – Valley Care



# Implementation in Northern California

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- Central and North Bay
  - Brown and Toland – SPMF
  - UCSF – Hill
  - CHW -- ?
  - Alta Bates –SEBMF
  - Alameda
  - Marin General – MIPA
  - Marin/Sonoma – SPMF
  - Santa Rosa Memorial
  - Solano --SRMF



# Implementation in Northern California

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- Other Areas
  - Sacramento– CHW, Sutter
  - Stockton– Gould, St Joes, Lodi



# Organizational Models

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- Hospital based clinics – H&S Code 1206(d) or (b)
- Foundation – H&S Code 1206(I)
- Community Clinic – H&S Code 1204
- Wrap around IPA
- MSO and other support



# Physician Leadership

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- Will need physician leader to manage physicians, coordinate with hospital
- Respected leader
- Respected for Quality
- Ability to deal with difficult issues in an objective and impartial manner that commands respect



# Physician Contracting

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- Productivity Incentives
  - RVU
  - Quality Metrics
  - Collections/Case Mix
  - Compliance
  - Patient Satisfaction
  - Other



# Why develop a clinic?

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- Level the playing field with competitors
- Provide a stable structure for your physicians
- Provide a stable solution to meet community needs
- Help build a strong group that will provide a stable partner for your organization
- Developing a physician brand



# Physician Alignment

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- Many hospitals have a diverse collection of physicians serving different communities
- Some physicians are not suited for group practice
- It is a challenge to work with these diverse physicians and bring together a group.



# Practice purchase options

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- Compensation for physicians based on objective external analysis
- Productivity and performance incentives
- Purchase of hard assets, not soft
- Physicians keep AR, but hospital can help collect



# Management Systems

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- Buy vs Make a physician billing system
- Review managed care contract options
- Review financial systems and internal controls
- Review options for EHR and HIE
- Assist Physicians to meet Meaningful Use criteria
- Assist with health plan contracting
- Review options for integrating with the Hospital (New Stark rules)



# Why Hospitals must help

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- secure stable base
- help with coming transition
- meet the demands of new graduates
- compete with Kaiser, Sutter, others



## How Medical Groups are different

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- Primary care Majority
- Specialists hired only as needed
- Cross subsidization
- Ancillary profits
- Physician not hospital orientation



# How Hospitals can help

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- Help physician community to understand the need for a group
- Assist with the formation
- Assist with Legal analysis of options
- Identify physician leaders
- Hire qualified Medical Group Managers
- Provide funding
- Maintain close strategic relationships with medical group
- Integrate information systems



# What hospitals should not do

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- Put hospital billing staff in charge
- Allow hospital medical staff to control medical group



# Great Medical Groups are

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- Focused on the patient office visit experience
- Hire top quality physicians and give them the resources to succeed
- Look for physicians with a group perspective
- Leading efforts to proactively communicate with their patients about chronic conditions
- Hire top managers with proven experience in Medical Group Management and let them manage
- Implementing a EHR and requiring everyone to use it
- Work as a group toward common goals
- Focus on productivity and market based compensation
- Maximize Pay for Performance goals



# Developing an IT strategy

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- Review of Stark regulations
- Opportunities for Hospitals to assist Physicians
- Development of enterprise/community wide IT strategy
- Policies for developing interfaces
- Donor cost rules
- Decision process
- Selecting products
- Building an implementation team
- System redesign
- Implementation and operations



# Role of advisors in establishing or improving medical groups

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- Practice Strategy Development
- Marketing and Business Development Planning
- Operations Analysis
- Ancillary Development and Analysis
- Information Systems Support
- Revenue Cycle Management
- Managed Care Contracting and Strategy
- Financial Analysis
- Physician Productivity Analysis
- Governance and Management



# Engagements

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- Market Assessment
- Board and governance development
- Medical Staff development and Succession Planning, Contract negotiation and education
- Feasibility Studies
- Asset Valuation
- Operational Planning and Implementation
- EMR planning and implementation
- HIE development and meaningful use implementation