



NAVIGANT DESIGNS PHYSICIAN COMPENSATION PLANS TO DRIVE RENEWALS, RECRUITMENT

CHALLENGE

The trend toward hospitals employing physicians has gained momentum in the past decade in response to uncertainty over healthcare reform, changing reimbursement, and the increasingly difficult regulatory challenges providers are facing. Hospitals and systems are partnering with physicians to help improve the quality of care and patient engagement, while also reducing costs.

However, as physicians are increasingly interested in employment, physician compensation arrangements are becoming more complex, and the risk of a non-compliant agreement is significant. Organizations are struggling to develop compensation models that are fair, cost-efficient, and compliant with regulatory requirements.

Oncologists are one of the major specialties that have embraced moving to hospital employment. Decreased reimbursement and changing payer and federal guidelines have oncologists grappling with the rising costs of advances in cancer treatment and pressures of possible overuse of oncology services.

For example, a leading regional health system with a cancer center of excellence maintained contractual relationships with a group of oncologists who were highly compensated and due for renewal of their respective employment agreements.

Because of changes in reimbursement for cancer treatment, the ability to provide such high levels of compensation was no longer an option. Therefore, system sought third-party assistance to develop a more progressive and compliant compensation plan to help retain current providers and recruit additional physicians as needed.

SOLUTION

Navigant worked with the health system to develop a replacement compensation methodology to maximize physician payment while remaining compliant. After analyzing and evaluating current arrangements, the Navigant team designed and proposed several compensation models:

- Clinical professional services compensation based on productivity or work relative value unit (wRVU)
- Advanced Care Practitioner (ACP) supervision compensation for overseeing advanced healthcare professionals
- Medical administrative services compensation

Given the high level of acuity and complexity involved with the center of excellence's patient care services, as well as the exceptional qualifications and experience of several of the physicians, Navigant was able to support clinical and medical administrative compensation rates within the higher levels of a fair market value (FMV) range.

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IMPACT

Although several of the physicians were presented with revised compensation arrangements below quantitative historical levels, Navigant's methodology delivered a solid business platform for market-based, fair, and equitable payment.

The majority of the physicians elected to renew their employment under the revised compensation design, appreciative of the efforts made by the system to provide an externally competitive and legally compliant plan. Additionally, the system and practice leaders are confident the new approach will allow them to effectively recruit providers while applying to other physician practices within the health system.

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