



Building a High-Performing Physician Enterprise

Contents

- 4** Introduction
- 6** Operational Excellence—the Foundation for Financial and Strategic Success
- 10** Data-driven Accountability System—Using Metrics to Drive Performance Excellence
- 13** Intentional Collaboration—Achieving Seamless Delivery of Services
- 15** Financial Optimization to Achieve Long-term Sustainability
- 18** Engaged Workforce—Performance-based Bonus System
- 21** Physician Governance and Leadership to Accelerate Performance Improvement
- 23** High-Performance Culture—the Cornerstone of High Performance
- 26** Conclusion

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The COVID-19 Pandemic in 2020 and afterward sent devastating shock waves through our nation, threatening our lives and livelihood. Healthcare was not immune from the devastation as the industry sought to mobilize resources to address the pandemic while feeling the financial impact of the corresponding shutdowns. As we advance, healthcare organizations must find a way to recover from 2020 while offering quality care to a significantly more financially stressed population. The need for more value in healthcare has never been greater.

As the key drivers of health system resource utilization and the focal point for patient engagement, the physician enterprise must serve as the primary path to greater value. Unfortunately, with the continuing trend in reduced professional fee reimbursement, most health systems' efforts are focused on physician enterprise financial sustainability rather than pursuing the benefits of enhanced alignment. The challenge for hospitals and physicians is to transform the physician enterprise into an efficient, high-performing system that can then focus efforts on making value-based care advances. Consider implementing these seven components of a high-performing physician enterprise to support this transformation.

Components of Enterprise Excellence

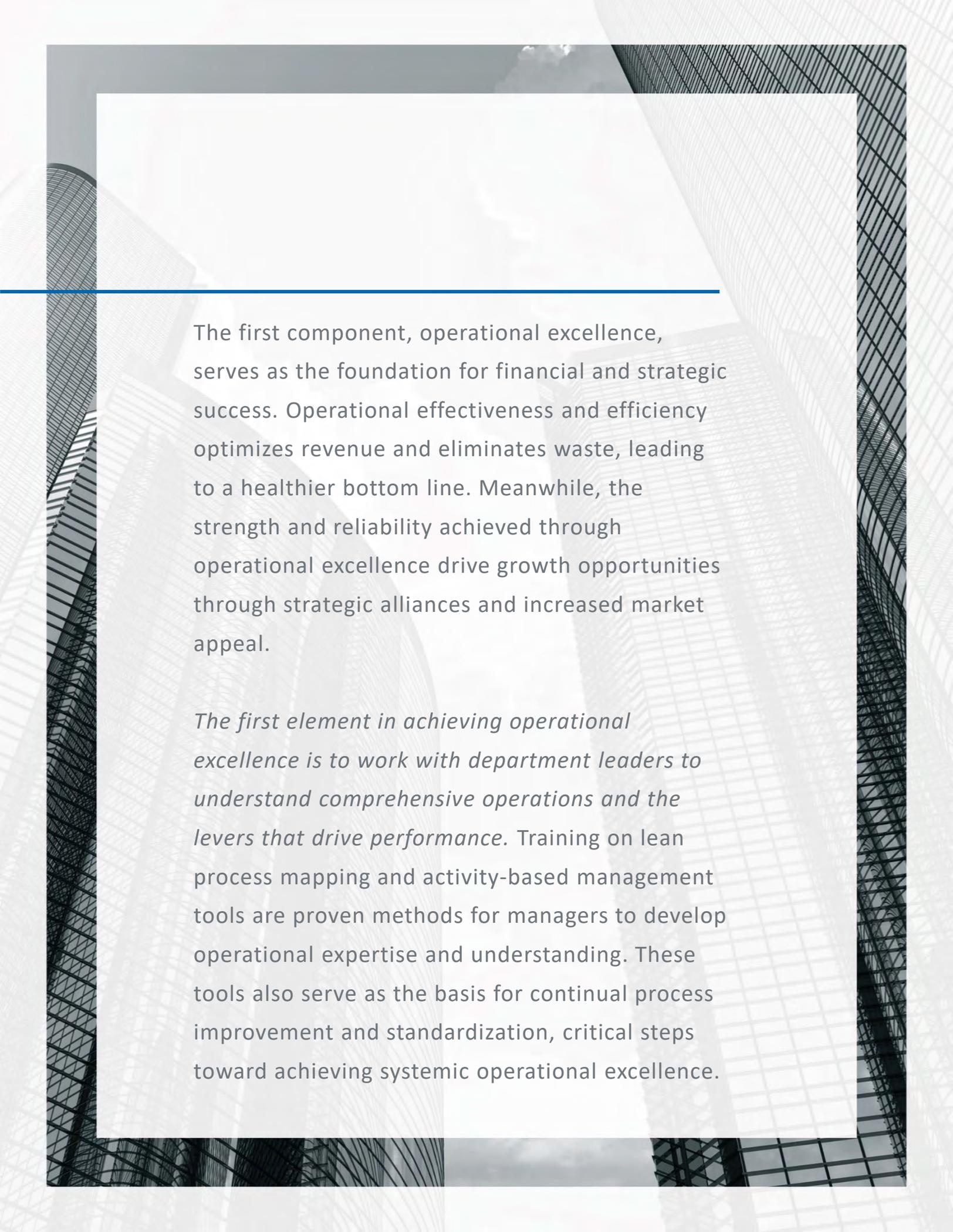
We have identified seven key components to achieving a high-performing physician enterprise, as follows:



- 1 Operational Excellence
- 2 Data-driven Accountability System
- 3 Intentional Collaboration
- 4 Financial Optimization
- 5 Engaged Workforce
- 6 Physician Governance and Leadership
- 7 High-Performance Culture

We will explain and discuss the application of each of these seven highly interactive elements in the following sections.

Operational
Excellence—the
Foundation for
Financial and
Strategic Success

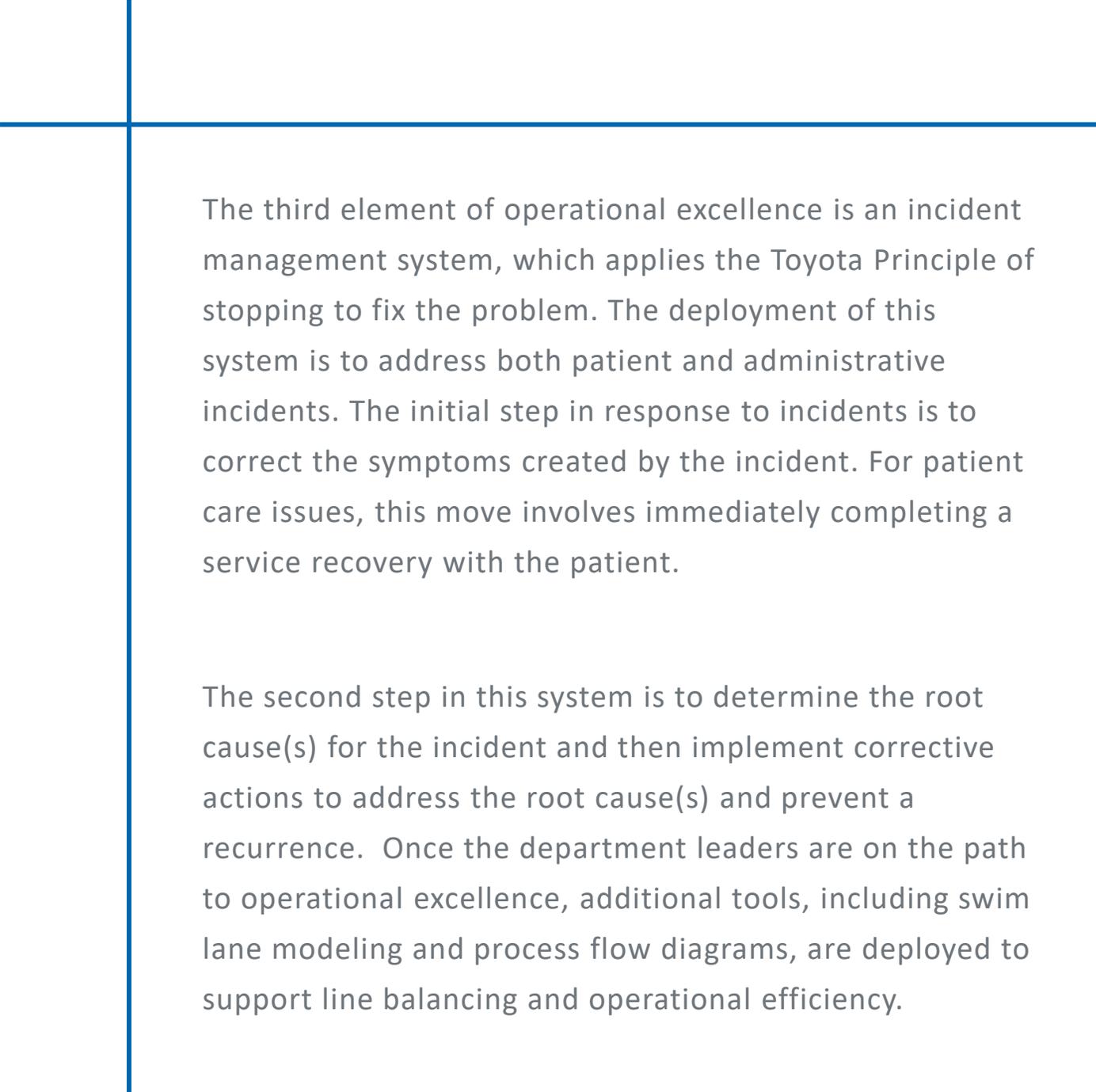


The first component, operational excellence, serves as the foundation for financial and strategic success. Operational effectiveness and efficiency optimizes revenue and eliminates waste, leading to a healthier bottom line. Meanwhile, the strength and reliability achieved through operational excellence drive growth opportunities through strategic alliances and increased market appeal.

The first element in achieving operational excellence is to work with department leaders to understand comprehensive operations and the levers that drive performance. Training on lean process mapping and activity-based management tools are proven methods for managers to develop operational expertise and understanding. These tools also serve as the basis for continual process improvement and standardization, critical steps toward achieving systemic operational excellence.

Weekly clinic planning is the second element in achieving operational excellence. In this element, workload projections and the corresponding resource requirements are planned across the physician enterprise to meet service standards while also minimizing waste related to excess capacity.

Coordination and communication between leaders, employees, and providers is critical to leveraging all employee resources of an organization rather than struggling in siloed departments or locations.



The third element of operational excellence is an incident management system, which applies the Toyota Principle of stopping to fix the problem. The deployment of this system is to address both patient and administrative incidents. The initial step in response to incidents is to correct the symptoms created by the incident. For patient care issues, this move involves immediately completing a service recovery with the patient.

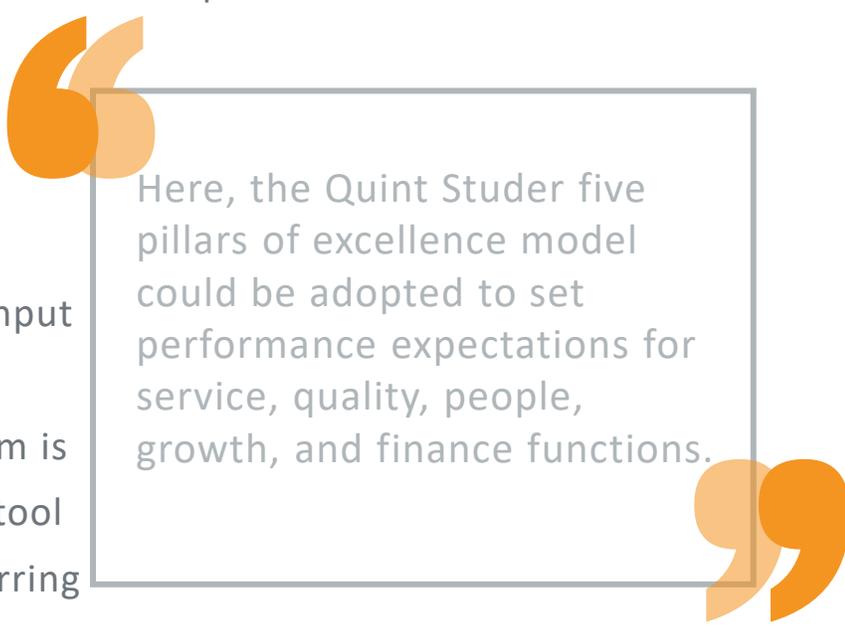
The second step in this system is to determine the root cause(s) for the incident and then implement corrective actions to address the root cause(s) and prevent a recurrence. Once the department leaders are on the path to operational excellence, additional tools, including swim lane modeling and process flow diagrams, are deployed to support line balancing and operational efficiency.

Data-driven
Accountability System—
Using Metrics to Drive
Performance Excellence

The next component of the high-performance infrastructure is a data-driven accountability system. The development of this system is guided by the deep operational understanding where actionable performance metrics are set up as tools to relentlessly drive performance improvement. These metrics, to be actionable, must be established at the department level beginning with the front-line mission servicing departments.

Next, metrics are established for staff departments by linking their performance to their support of the line departments. The clinic KPI dashboard is a foundational element of this system.

The monthly results captured in these dashboards serve as the input to a continuous learning and improvement system. This system is an agile improvement planning tool driven by a combination of recurring mentoring, problem solving, and accountability. The individual department dashboard results are also accumulated to set up an organizational scorecard, which serves as an executive-level performance report.



Here, the Quint Studer five pillars of excellence model could be adopted to set performance expectations for service, quality, people, growth, and finance functions.

A second element of the data-driven accountability system is the **department-level daily performance checks**.

These checks consist of results and events that require immediate management attention. The expectation is that department leaders evaluate and address variations from standards to prevent negative trends on these critical performance factors.

The **monthly accountability report** serves as the third element of the data-driven accountability system.

This report focuses on compliance with established policies, and its purpose is to drive organizational reliability. The monthly compliance rate serves as each manager's reliability score, which becomes a part of the performance evaluation system.

A fourth element of the data-driven accountability system measures the results at the individual provider level and serves as a **performance improvement tool**.

One such report contains provider-level revenue cycle management performance. Here, provider-specific data on lag days, aging, denials, and collection rates are captured. Next, variation among providers is assessed, with management focusing on those performing more than one standard deviation from the group's mean. This "outlier management system" provides a method to prioritize improvement actions. The continuous use of this method results in a reduction in performance variation and improvement in overall performance. The outlier management approach is also used on provider contribution reports, which considers other factors such as patient satisfaction, MIPS performance, and production levels.

Intentional
Collaboration—
Achieving Seamless
Delivery of Services

A required characteristic of high-performing organizations is the seamless delivery of services across the episode of care. Achieving seamless delivery requires intentional collaboration across clinical and business functions to align goals and eliminate gaps in the care process.

- The first step in collaborating success involves establishing patient-focused goals consistent with the organization's mission.
- Next, lean tools, including process mapping and SIPOC, are used to clarify the service expectations needed to optimize the care process. Applying these tools leads to identifying care process participants' roles and responsibilities required to achieve the seamless delivery of services. These roles and responsibilities are then documented in service level agreements where each participant commits to play their part in achieving delivery system success consistently.
- At this stage, actionable metrics reflecting service delivery performance are developed to support a routine evaluation and improvement system. This improvement system involves monthly meetings to evaluate performance, identify opportunities for improvement, and obtain commitments from each participant for their part in achieving established targets.

Financial
Optimization to
Achieve Long-term
Sustainability

High-performing organizations must generate an ample bottom line to achieve long-term sustainability.

The financial optimization component of a high-performing infrastructure involves a comprehensive assessment of the factors driving financial performance.

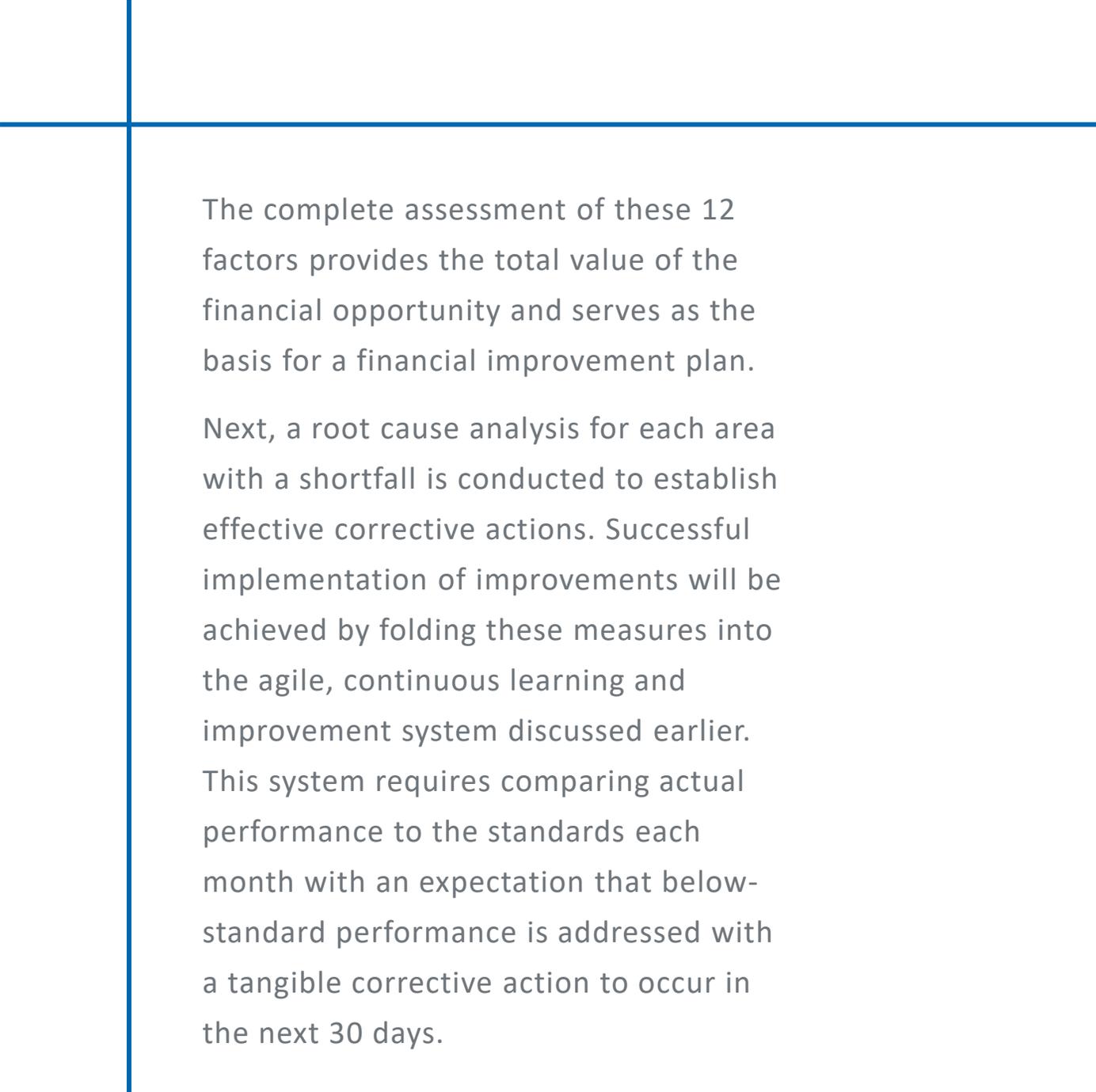
The assessment covers the following six revenue and six expense improvement opportunities:

Revenue

- Payer Contracts
- Insurance Collections
- Personal Pay Collections
- wRVU per Encounter
- Productivity
- Value-Based Care

Expenses

- Lean Staffing
- Staff Compensation
- Provider Compensation
- Service Expense Management
- Supply Costs Management
- Overhead Costs Management



The complete assessment of these 12 factors provides the total value of the financial opportunity and serves as the basis for a financial improvement plan.

Next, a root cause analysis for each area with a shortfall is conducted to establish effective corrective actions. Successful implementation of improvements will be achieved by folding these measures into the agile, continuous learning and improvement system discussed earlier. This system requires comparing actual performance to the standards each month with an expectation that below-standard performance is addressed with a tangible corrective action to occur in the next 30 days.

Engaged
Workforce—
Performance-based
Bonus System

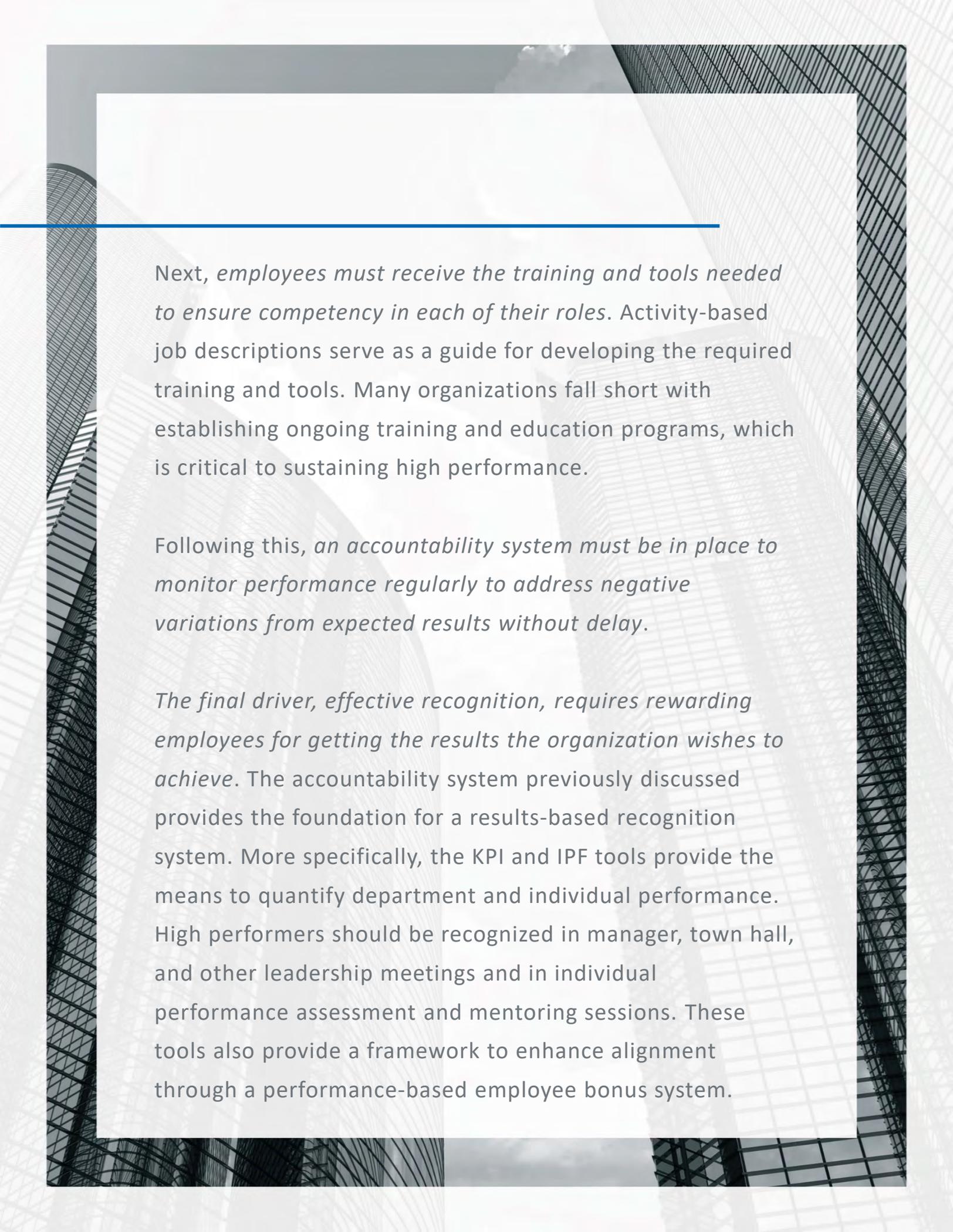
Employee engagement occurs by combining the three key drivers for employee engagement: purpose, empowerment, and effective recognition, with the data-driven framework and operational understanding. Given their healing mission, physician enterprises should find it easy to gain employee buy-in to the organization's purpose or mission.

An **engaged workforce** is an essential component of a high-performing organization.

However, the organization can elevate engagement by establishing direct connections between each employee's role and the organization's mission. This step results from *developing individual performance factors (IPFs) for each position linked to each department's key performance indicators.*

The second driver, employee empowerment, is driven by *the appropriate delegation of authority.* Organizations and employees thrive when the organization trusts the employees to make decisions related to the performance of their duties.

A first step in developing this trust is ensuring each employee has adopted the organization's behavioral expectations. Instituting organization-wide operating principles is vital to achieving this objective. Expectations are that all employees will apply these key operating principles to their daily work decisions.



Next, *employees must receive the training and tools needed to ensure competency in each of their roles.* Activity-based job descriptions serve as a guide for developing the required training and tools. Many organizations fall short with establishing ongoing training and education programs, which is critical to sustaining high performance.

Following this, *an accountability system must be in place to monitor performance regularly to address negative variations from expected results without delay.*

The final driver, effective recognition, requires rewarding employees for getting the results the organization wishes to achieve. The accountability system previously discussed provides the foundation for a results-based recognition system. More specifically, the KPI and IPF tools provide the means to quantify department and individual performance. High performers should be recognized in manager, town hall, and other leadership meetings and in individual performance assessment and mentoring sessions. These tools also provide a framework to enhance alignment through a performance-based employee bonus system.

Physician Governance
and Leadership to
Accelerate Performance
Improvement

A requisite to accelerating sustainable performance in the physician enterprise is to establish effective physician governance and leadership.

Governance success can be supported by selecting several high-performing providers with peer credibility to serve on a **Clinical Operations Leadership Committee (COLC)**.

This committee's function is to work with health system leadership to establish and endorse a physician enterprise vision. This committee receives a charter stating its purpose and roles toward achieving the vision. Each committee member is asked to accept fiduciary responsibility for the enterprises' success and COLC behavioral expectations.

Once established, this committee becomes the primary force in **instituting a high-performance culture**, setting policy, driving performance improvement, and addressing behavioral issues.

This committee addresses key policies, including provider productivity and compensation, staff compensation, position management, incident management, and the five-pillar performance improvement system.

Building physician leadership throughout the organization is also required to achieve sustainable success.

Individual specialty Medical Director assignments can support this purpose. Once again, the high-performing physicians with peer credibility in each specialty are selected for this role, serving as the link between clinic providers and organizational leadership. Accordingly, the Medical Director's task is to be the voice for the providers and the organization. The Medical Director guides the clinic manager, supports performance improvement efforts, and represents the clinic to the COLC.

High-Performance
Culture—the
Cornerstone of High
Performance

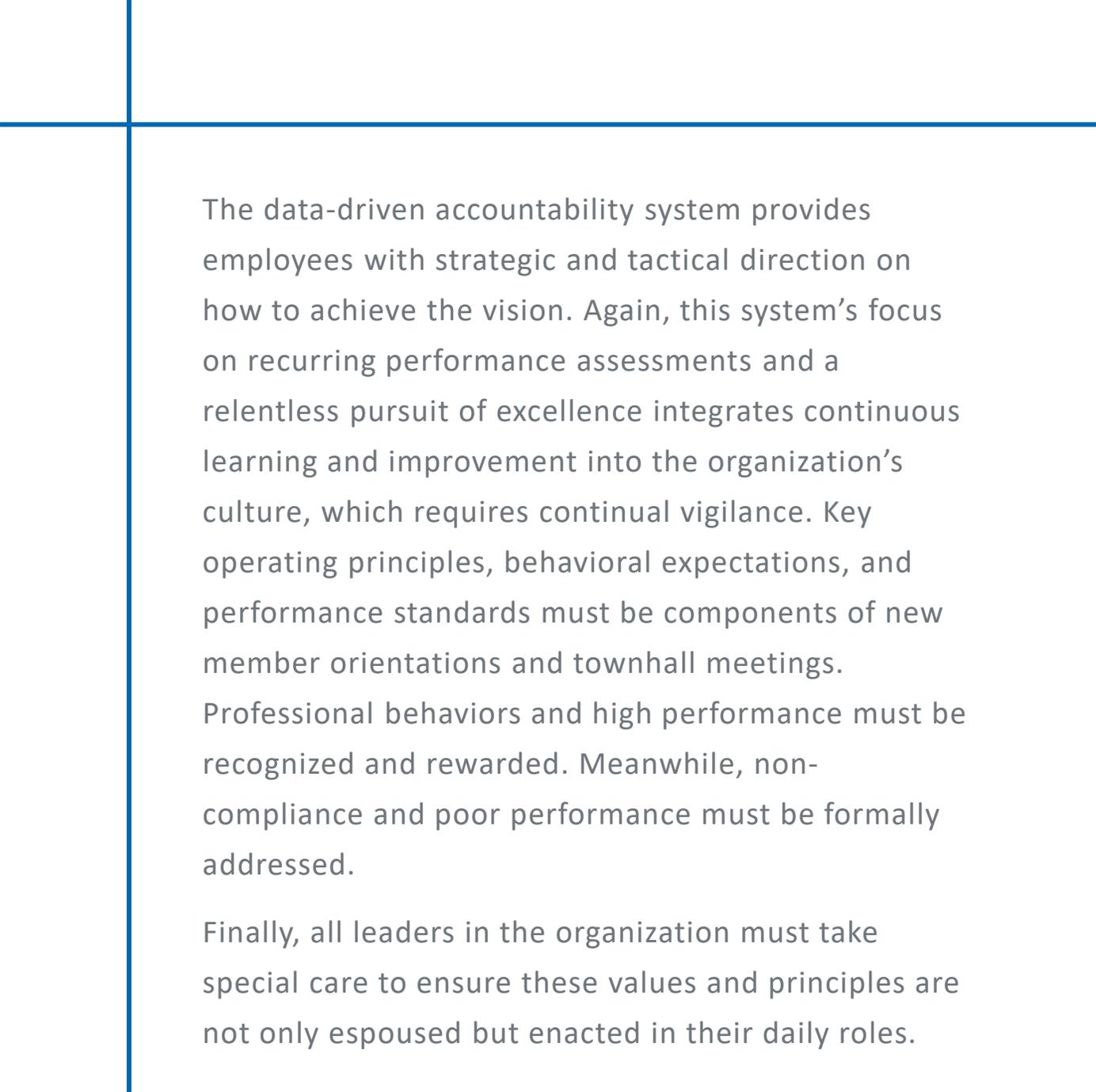
The cornerstone of the high-performance infrastructure is a high-performance culture. Characteristics of a high-performance culture include reliability, professional behavior, and an environment where continuous learning and improvement are integral to operations. Each of the prior six components is supported by this culture. A vision for the physician enterprise provides the organization with both purpose and direction. Reliably effective decision-making requires a deep understanding of operations with a clear knowledge of the levers that drive performance.



Next, each employee's adoption of the critical operating principles leads to professional behavior and decision-making based on shared values, raising trust and reliability throughout the organization.



Key principles expecting workplace consideration and downstream service support are also valuable features driving collaboration and organizational alignment.



The data-driven accountability system provides employees with strategic and tactical direction on how to achieve the vision. Again, this system's focus on recurring performance assessments and a relentless pursuit of excellence integrates continuous learning and improvement into the organization's culture, which requires continual vigilance. Key operating principles, behavioral expectations, and performance standards must be components of new member orientations and townhall meetings. Professional behaviors and high performance must be recognized and rewarded. Meanwhile, non-compliance and poor performance must be formally addressed.

Finally, all leaders in the organization must take special care to ensure these values and principles are not only espoused but enacted in their daily roles.



Conclusion

The high-performance infrastructure comprises seven interdependent components focused on connecting culture, people, operations, and financial factors within a data-driven environment. Instituting a high-performance infrastructure is not an instant fix. The high degree of interdependence requires the effective implementation of each component to achieve enduring excellence. However, those investing in this infrastructure will find these interdependent components also build upon each other and multiply returns leading to sustainable high performance across the organization.

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