

# From Survive to Thrive

## Leading the Transition to Value

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To survive today's turbulent healthcare environment and thrive in tomorrow's delivery system, medical groups need strong leadership, perhaps more than ever before. Successful leaders will guide groups through historic levels of change as physicians face a shift from the volume-driven environment to one that emphasizes providing high value.

*Before implementing necessary changes, Sutter Medical Group of the Redwoods assessed their existing infrastructure, capabilities, and processes.*

In most medical groups, structure and operations have historically been designed around physician convenience and to generate a high volume of services. As the healthcare industry evolves to focus on value rather than volume, groups need to provide patient-centric service that delivers on the Institute for Healthcare Improvement (IHI) Triple Aim to improve the patient care experience (including quality and satisfaction), improve the health of populations, and reduce per capita costs. These changes will often require that medical groups transform. In a value-based

environment, medical groups need new staffing models, new information technology (IT) capabilities, physician compensation models that incentivize new behaviors, and new ways of delivering and coordinating care.

Health care is largely local, and each market transitions from fee-for-service to fee-for-value at a different pace. Payers, employers, providers, and even patients all influence how quickly a market adopts value-based contracting models. Effective leaders must closely monitor their market dynamics and determine when the group needs to change and at what pace. Groups that move faster than their market will face financial challenges associated with lower utilization and services that are not reimbursed in traditional fee-for-services contracts. Medical group leaders should incorporate the medical group's strategic direction, future state, and pace of change with a vision that is shared with all group physicians and employees. Everyone must understand the need for change and how it prepares the group for future success.

Before implementing the necessary changes, leadership must thoroughly understand the group's existing infrastructure, capabilities, and processes. An effective assessment process gives leaders the information they need to plan necessary changes. Table 1 provides recommended focus areas for assessment, including attributes of high-performing medical groups and their implications in a value-based environment.

The assessment process must be comprehensive in scope and solicit input throughout the group. It incorporates input from the leadership team, interviews with physicians and employees, data analysis, and direct observation of group operations and behaviors. The result identifies the strengths and weaknesses of the group, which indicates how well prepared the group is for future success.

Based on assessment findings, leadership develops an action plan for implementation of changes to reposition the group. The action plan identifies changes that need to take place, the timing of these changes, necessary resources, responsible parties, expected outcomes, and potential risks. The plan becomes the group's transformation roadmap and is updated regularly as changes and progress are made.

### Steering Through the Real World

Sutter Medical Group of the Redwoods (SMGR) is composed of approximately 125 multispecialty providers throughout Sonoma County, California. The group is affiliated with Sutter Pacific Medical Foundation (SPMF). Other medical groups in the market were active in managed care contracting, while SMGR primarily had fee-for-service agreements with payers. To succeed in the future, they needed to develop capabilities that prepared them for value-based contracting.

In the fall of 2013, SMGR brought in new leadership to steer it through its changing environment. The new leadership spent its first 90 days learning about SMGR and meeting with key stakeholders. Methodology was based on the four-pronged approach illustrated in Figure 1.

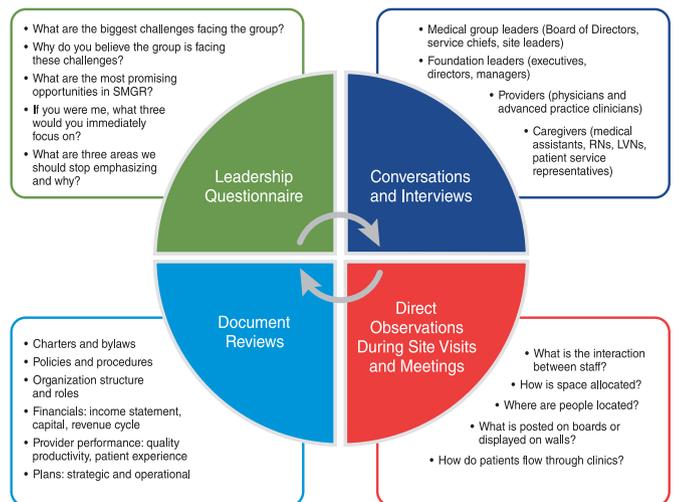
After receiving input from over 80 individuals (more than half being clinicians), SMGR leadership applied the six key components of highly functioning medical groups to identify SMGR's strengths and weaknesses. They then prioritized areas for improvement based on critical, crucial, and continuous "stoplight" rankings (Figure 2).

Improvements were stratified as follows:

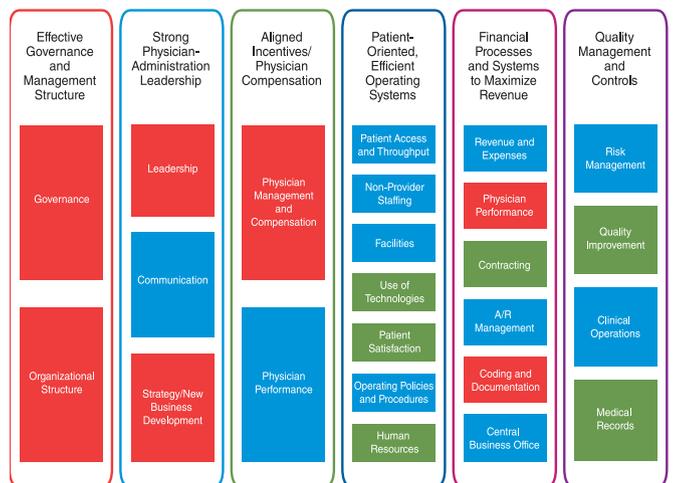
**Critical.** Based on the assessment, the leadership team identified several initiatives critical to the group's success. These items received the highest priority. From a governance perspective, leadership felt it was vital to establish a unified culture and integration plan. They also recommended the creation of an Advanced Practice Clinician committee to provide a voice for this group within SMGR. Leadership also identified the need to merge some of its physician leadership positions to increase accountability and expedite decision-making.

To strengthen its relationship with the Foundation,

**FIGURE 1**  
**Four-Pronged Approach**



**FIGURE 2**  
**Sample Prioritization of Areas for Improvement**



Legend: Red = Critical; Blue = Crucial; Green = Continuous

leadership recommended implementing a dyad team-building program to include leadership development courses with the dyad partners. They also planned to partner with SPMF to revisit and modify the 2012 strategic growth plan.

Other critical areas included clarifying the feasibility process for new services and creating a justification tool for provider recruitment. Noting that provider productivity was below Medical Group Management Association (MGMA) median benchmarks for several specialties, leadership recommended individual performance improvement plans, along with addressing coding and documentation challenges. SMGR leadership also identified as critical the need to

redesign its compensation plan to include incentives for nonproductivity performance, including quality, patient experience, and participation in group leadership.

**Crucial.** Several important improvements were determined to be crucial to success, but not at the critical level. SMGR leadership assessed ideal communication methodologies for the group and established a process for relaying information. Leadership also felt it was crucial to schedule either an annual all-group or focused-leadership retreat. To promote its culture, leadership identified the need to revise and deploy its provider assessment tool along with a provider compact.

Operationally, SMGR proposed using metrics to assess access on a per-site basis and developing focused improvement plans to increase patient access to care and improve patient flow in medical offices. They needed to create utilization reports of current space along with a master future facilities plan. The need to improve data sharing between SPMF and SMGR was another crucial area identified. Finally, SMGR leadership proposed employing a dyad feedback caregiver performance process, stressing both training and competencies.

**Continuous.** The assessment identified ongoing improvements, including optimizing its clinical information system, Epic, while evaluating the potential for specialty-specific modules. Leadership also identified the need to integrate digital health opportunities within the group. Because patient satisfaction is a strength of the group (ranking above the 75th percentile nationally), they advised continuing the positive trend by incorporating “Art of Communication” courses for those below SMGR established benchmarks. Recognized as one of the highest quality-rated groups in the state by both the California Association of Physician Groups (CAPG) and the Integrated Healthcare Association (IHA), leadership hoped to incorporate variation reduction projects in all departments to enhance care.

## Next Steps

After completing the assessment, SMGR leadership shared its findings with its organizational leadership, including its Board of Directors, physician leaders, clinical directors, and SPMF’s regional leadership team. To promote transparency and ensure buy-in, presentation material was shared with the entire medical group and made available for download. The new leadership was then tasked with creating a work plan to address its critical, crucial, and continuous items.

## Thriving Outcomes

Under new SMGR leadership, approximately 65 percent of the work plan items have been completed or

are currently being addressed. Among those successfully thriving are the Advanced Practice Clinician Committee as well as the Provider Well-Being Committee, which focuses on creating a supportive work environment, encouraging professional development, and promoting group culture. To further enhance communication, the *SMGR Gazette* was created to update providers on group events and activities. SMGR also partnered with SPMF to realign its leadership by establishing dyad leaders in all their clinics as well as four service-line dyads for primary care, medical specialties, surgical specialties, and imaging services.

Identifying the need for actionable reporting tools to provide regular feedback and enhance operations, SMGR now uses clinic dashboard reports that include the following metrics:

- Patient encounters
- Work relative value units (wRVUs)
- Patient growth
- Panel sizes
- Patient satisfaction scores
- Referral patterns

To streamline the revenue cycle, they incorporated MicroStrategy software to track days in accounts receivable (A/R), lag days, time of service collections, denials, and matched net collection ratios. To improve feedback to its providers, SMGR created an innovative provider assessment tool via Statit. They have also begun performing 360 provider evaluations.

From the quality perspective, SMGR has again earned CAPG “Elite Status” and was ranked “Quality Performer” by the IHA. They have expanded variation reduction projects throughout the group and recently presented a successful variation reduction project at the IHI’s annual forum. In addition, continued focus on patient satisfaction has resulted in satisfaction scores currently rated above the 90th percentile nationally. To thrive in the value-based environment, SMGR has engaged in commercial accountable care organization (ACO) pilots and recently launched their own commercial HMO plan called Sutter Health Plus. To better align provider incentives with payment models, SMGR redesigned its compensation plan.

Overall, the changes have produced strong governance, an enhanced partnership with SPMF, and improved medical group morale as noted in a recent American Medical Group Association provider survey.

The group is prepared for success as the market continues to transition.

**TABLE 1**  
**Recommended Areas of Focus for Assessment**

Assessment Area	Attributes of High-Performing Groups	Value-Based Implications
<b>Effective governance and management structure</b>	<ul style="list-style-type: none"> <li>■ Physicians play an active role in group leadership and operations</li> <li>■ Roles and responsibilities are clearly defined</li> <li>■ Decision-making is nimble</li> </ul>	<ul style="list-style-type: none"> <li>■ The group is better positioned to respond to opportunities and market changes</li> </ul>
<b>Strong physician-administration leadership</b>	<ul style="list-style-type: none"> <li>■ Physicians play an active role in group leadership and operations</li> <li>■ Roles and responsibilities are clearly defined</li> <li>■ Decision-making is nimble</li> </ul>	<ul style="list-style-type: none"> <li>■ Dyads combine the skills of physicians and administrators</li> <li>■ Decision-making considers clinical, financial, and operational factors</li> <li>■ Buy-in for group strategy and decisions increases</li> </ul>
<b>Aligned incentives/physician compensation</b>	<ul style="list-style-type: none"> <li>■ Physicians and administrators have common incentives aligned with group goals</li> <li>■ Physician compensation model includes incentives for nonproductivity performance (e.g., quality, patient experience, efficiency, citizenship, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>■ Group reimbursement increasingly ties to performance on quality, patient satisfaction, cost of care, and other nonproductivity measures</li> <li>■ In many markets, medical groups take on financial risk for care of a population</li> </ul>
<b>Patient-oriented, efficient operating systems</b>	<ul style="list-style-type: none"> <li>■ Optimal patient access to care (primary care appointments within 24 hours and specialty appointments based on condition acuity)</li> <li>■ Patient-friendly facilities, hours of operation, and operations</li> <li>■ Efficient patient flow with limited wait times and waste</li> </ul>	<ul style="list-style-type: none"> <li>■ Ready access to care results in higher quality and more efficient, coordinated care</li> <li>■ Patient satisfaction scores impact reimbursement and are publically reported</li> </ul>
<b>Financial processes and systems to maximize revenue</b>	<ul style="list-style-type: none"> <li>■ Effective revenue cycle operations</li> <li>■ Accurate and comprehensive procedure and diagnosis coding</li> <li>■ Effective contracting, including financially modeling new payer agreements</li> </ul>	<ul style="list-style-type: none"> <li>■ Medicare Advantage reimbursement is impacted by diagnosis coding (hierarchical condition categories' scores impact capitation rates)</li> <li>■ Payer contracts include new reimbursement methodologies, including risk arrangements</li> <li>■ Increasing portion of group revenue is patient pay</li> </ul>
<b>Quality management and controls</b>	<ul style="list-style-type: none"> <li>■ Effective use of technology (e.g., electronic health record, care management, etc.)</li> <li>■ Committees to address quality and use of evidence-based medicine</li> <li>■ Active quality improvement efforts</li> </ul>	<ul style="list-style-type: none"> <li>■ Quality scores impact reimbursement</li> <li>■ Standardized use of clinical best practices produces better outcomes and more efficient care</li> <li>■ Quality improvement efforts contribute to continuous improvement</li> </ul>

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