



PRACTICAL SOLUTIONS FOR THE GI PRACTICE

The High Performing Practice

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Disclosure

No financial relationships



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Learning Objectives

- Examine gastroenterologist productivity and compensation levels to describe the characteristics of a high performing provider
- Examine financial metrics to describe the characteristics of a high performing gastroenterology practice
- Describe how gastroenterology practices can succeed in future payment systems

Learning Objective 1

- **The relationship between gastroenterologist productivity and compensation**



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Sources of Provider and Practice Performance Information

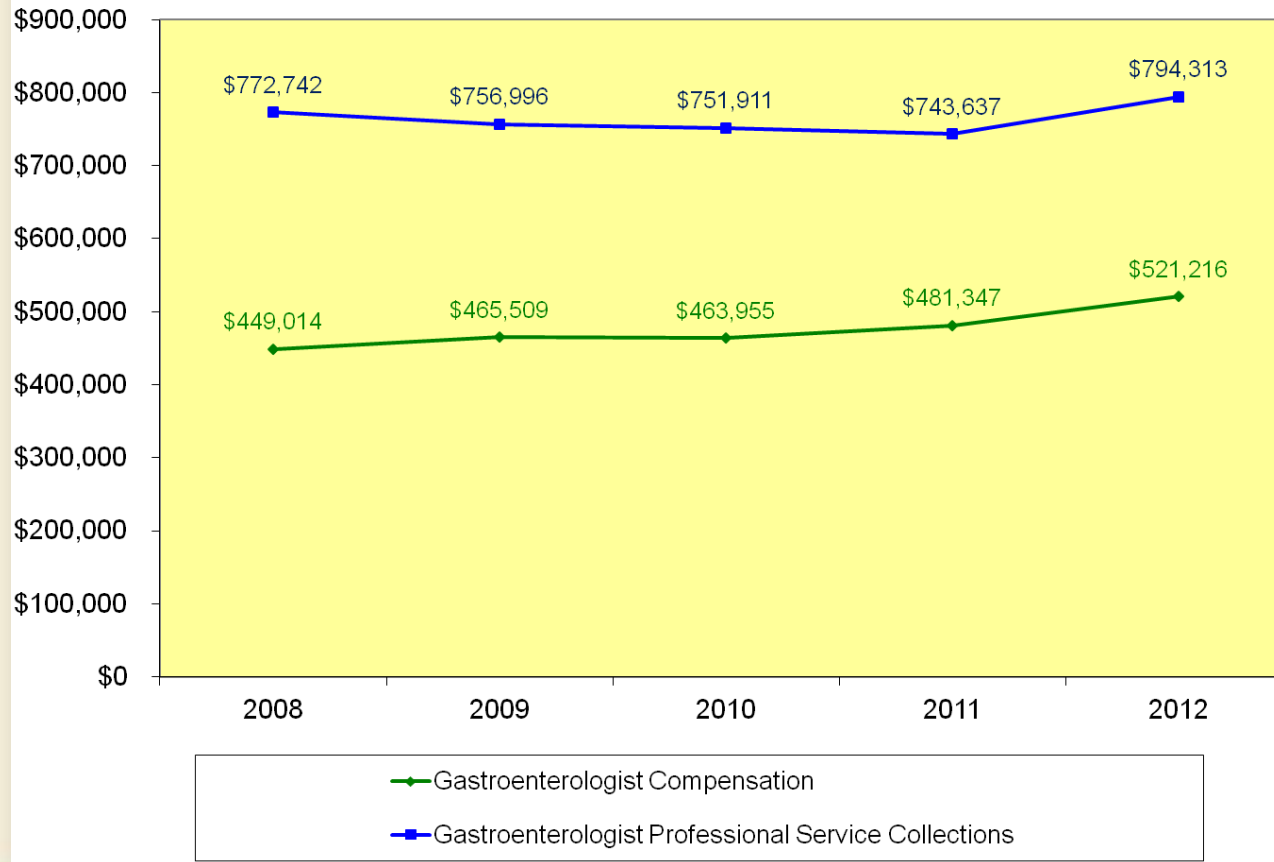
- ***MGMA Cost Survey Report***
 - Conducted annually with similar questionnaire format and definitions since 1979
 - 2012 report based on data submitted by 2,119 practices

- ***MGMA Physician Compensation and Production Survey Report***
 - Conducted annually with similar questionnaire format and definitions since 1989
 - 2013 report based on data submitted by 3,811 practices reporting information on 60,146 physicians and nonphysician providers

Trends in Compensation and Collections

Five Year Trend in Total Compensation and Total Professional Service Collections for All Gastroenterology Physicians

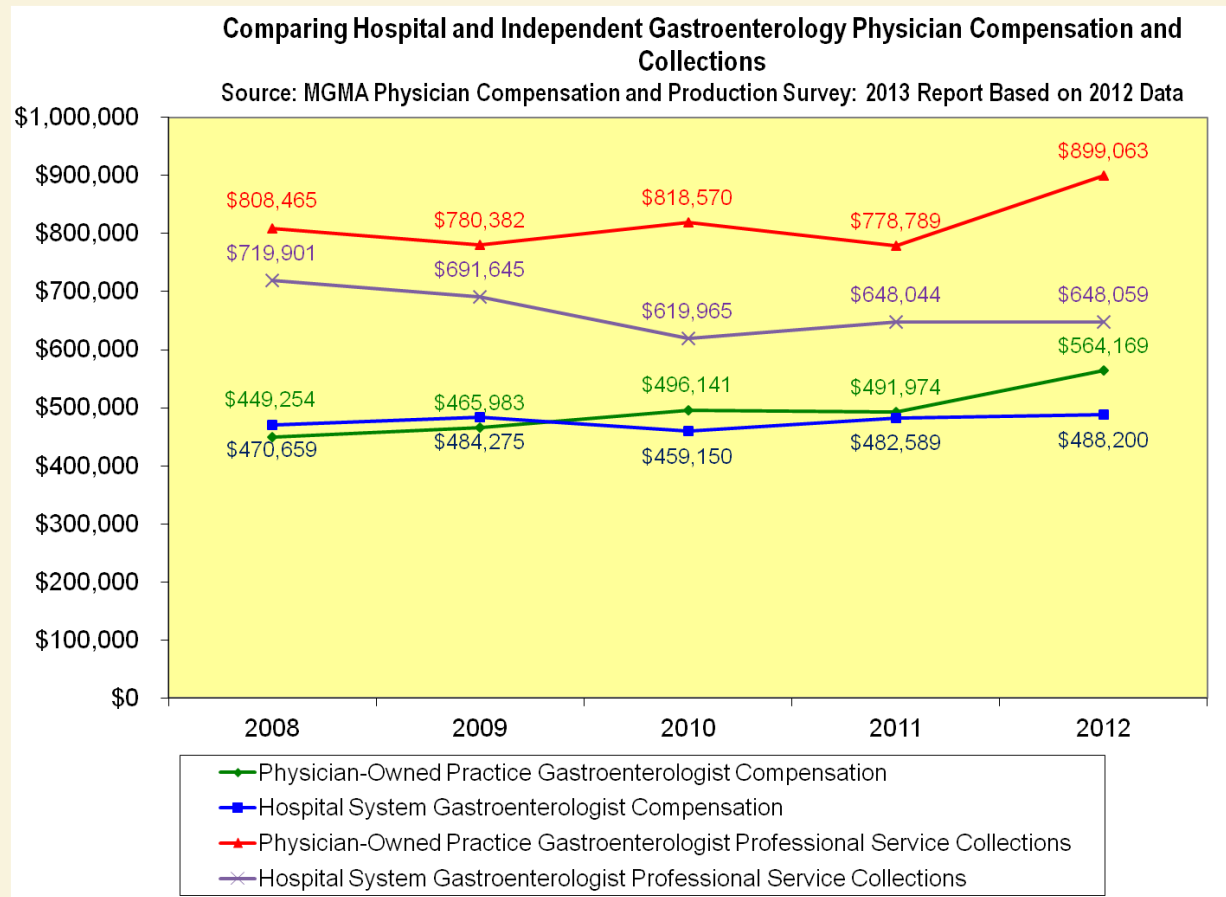
Source: MGMA Physician Compensation and Production Survey: 2013 Report Based on 2012 Data



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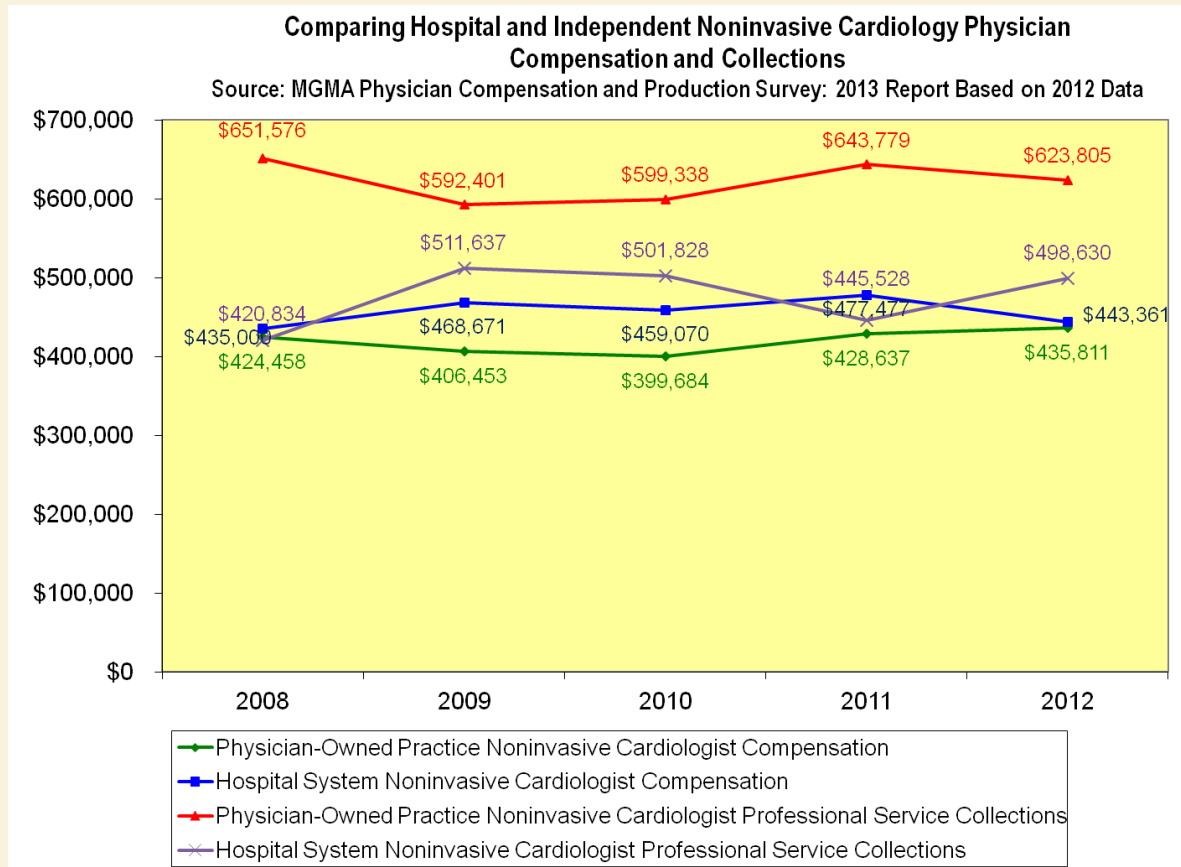
Comparing Gastroenterologists in Physician and Hospital Practices



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Are Hospital Practice Compensation Methods Sustainable?



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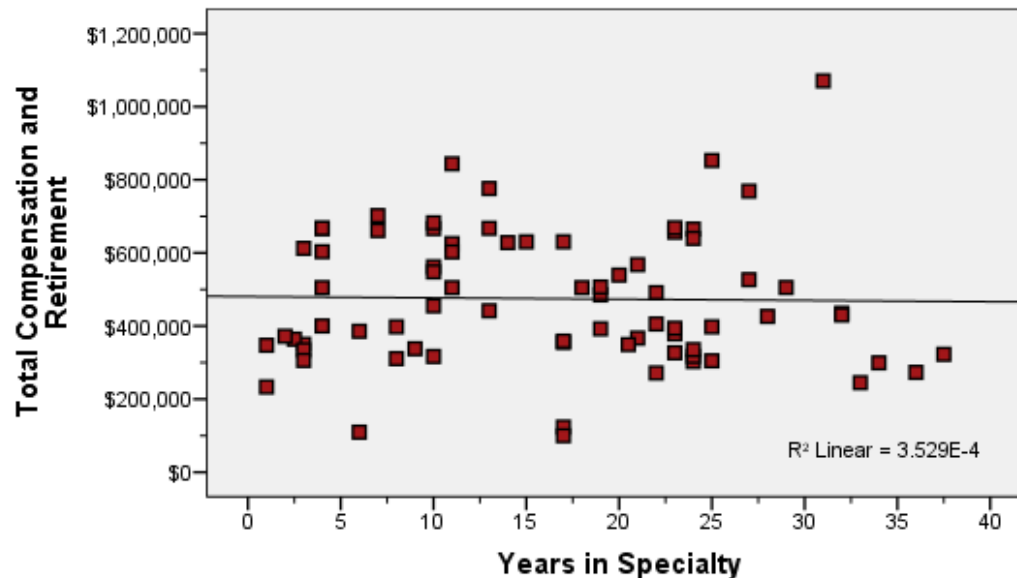
The Successful Gastroenterologist

- **In physician-owned practices financial success relates to multiple factors:**
 - **Professional productivity**
 - **Practice efficiency**
 - **Total practice revenue**
 - ◆ **Professional services**
 - ◆ **Ancillary services**
 - ◆ **Ambulatory Surgery Center facility fees**
- **In hospital-owned practices financial success correlates directly with professional productivity**

Years of Experience Has Little Effect on Compensation

Impact of Years of Experience on Total Compensation and Benefits

Gastroenterology in Physician Owned Medical Groups



MGMA Physician Compensation and Production Survey: 2012 Report Based on 2011 Data

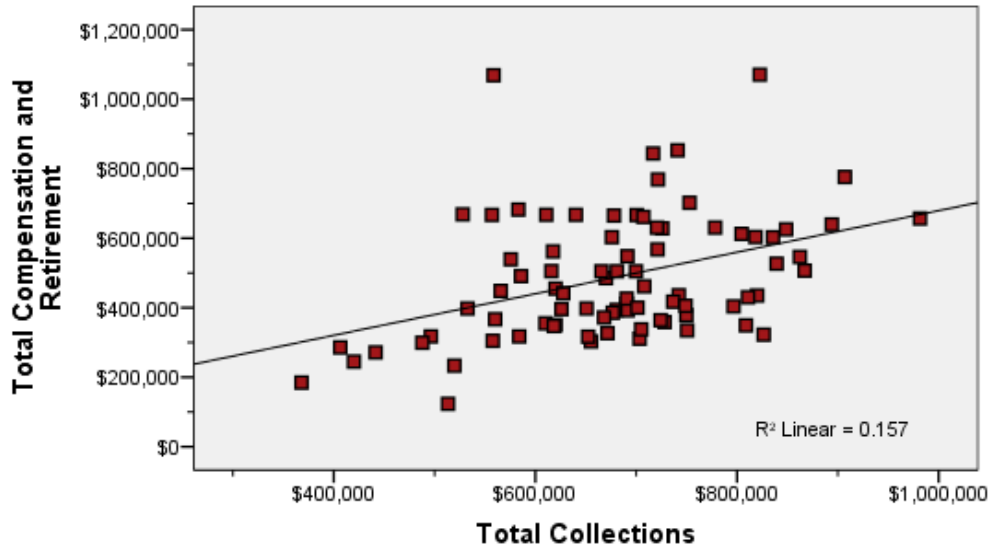
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Professional Service Collections Has a Minor Effect on Compensation

Impact of Collections on Compensation

Gastroenterology in Physician Owned Medical Groups



MGMA Physician Compensation and Production Survey: 2012 Report Based on 2011 Data



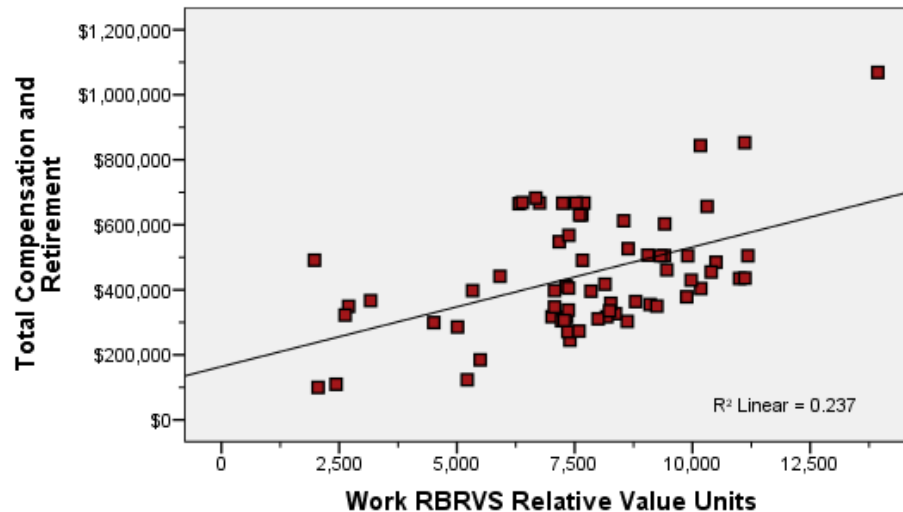
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Work RVUs Indirectly Effects Compensation in Physician Practices

Impact of Work RVUs on Total Compensation and Benefits

Gastroenterology in Physician Owned Medical Groups



MGMA Physician Compensation and Production Survey: 2012 Report Based on 2011 Data

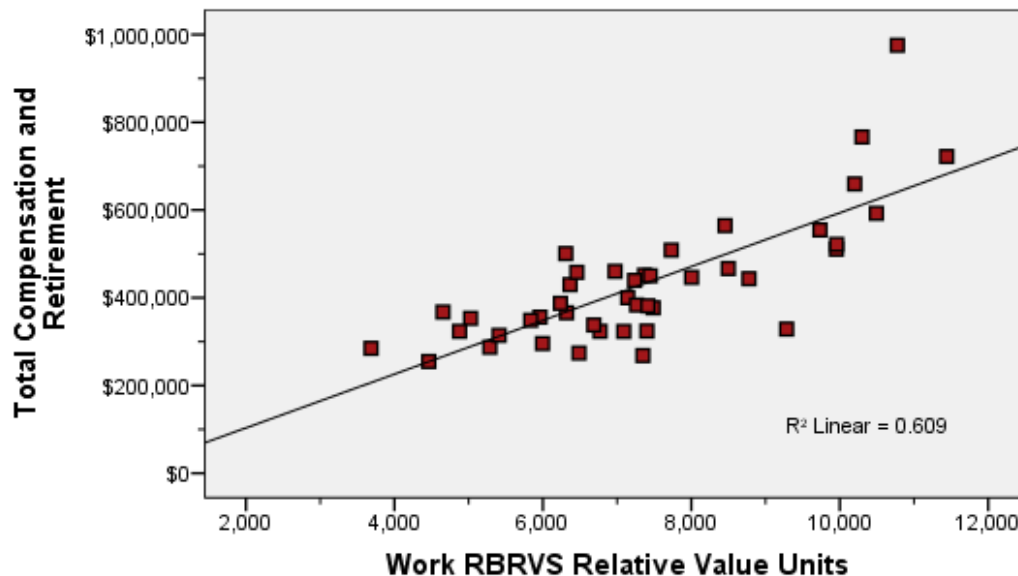
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Work RVUs Directly Effects Compensation in Hospital Practices

Impact of Work RVUs on Total Compensation and Benefits

Gastroenterology in Hospital Owned Medical Groups



MGMA Physician Compensation and Production Survey: 2012 Report Based on 2011 Data

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Learning Objective 2

- **Characteristics of a high performing gastroenterology practice**



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The Basic Calculation for Financial Stability in Medical Groups

In Physician-Owned Practices

$$\text{Revenue} - \text{Costs} = \text{Physician Compensation}$$

In Hospital-Owned Practices

$$\text{Revenue} - \text{Costs} + \text{Subsidy from Parent}$$

$$- \text{Physician Compensation} = \text{Operating Loss or Gain}$$

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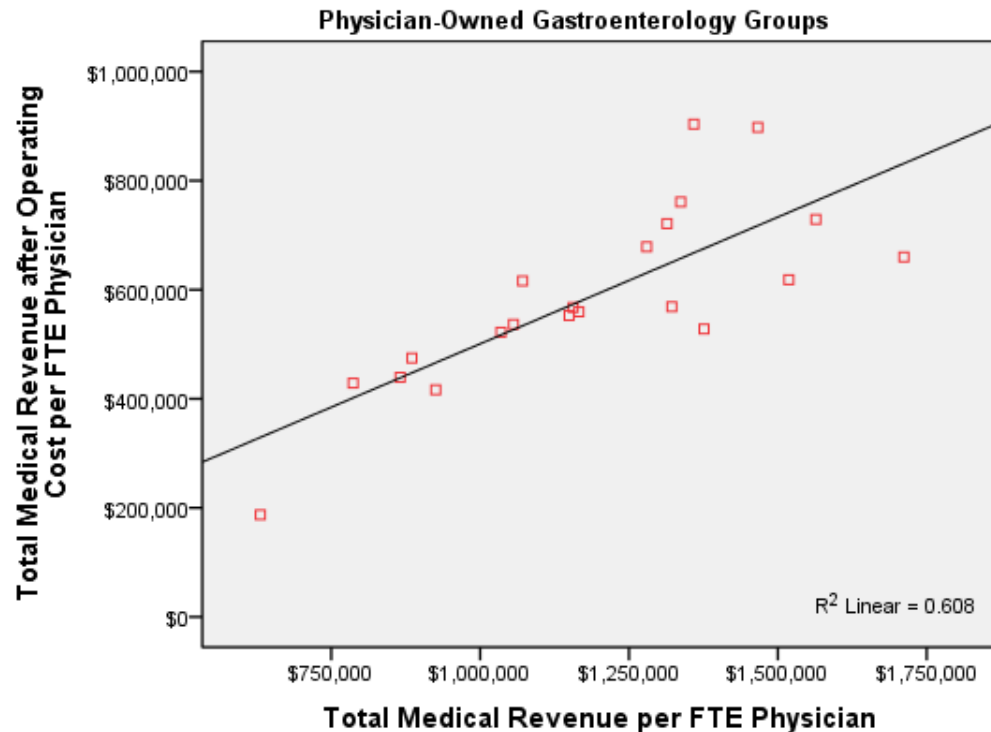
Understanding Gastroenterology Medical Group Performance

Overall financial performance relates to:

- **Provider and staff productivity**
- **Total practice revenue**
 - **Professional services**
 - **Ancillary services**
 - **Ambulatory Surgery Center facility fees**
- **Total practices expenses**
- **Operating efficiency (practice overhead)**

Total Medical Revenue Directly Effects Financial Success

Impact of Total Medical Revenue per FTE Physician
on Total Medical Revenue after Operating Cost per FTE Physician

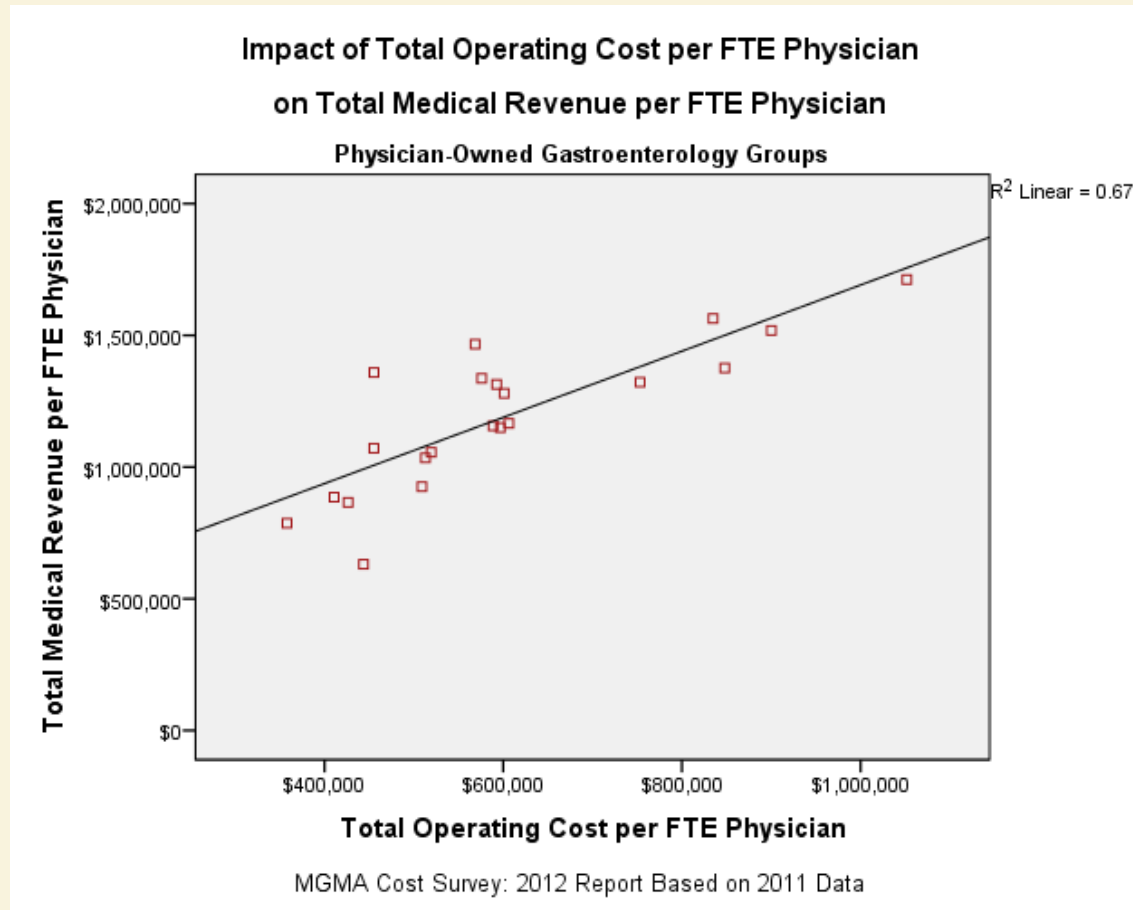


MGMA Cost Survey: 2012 Report Based on 2011 Data

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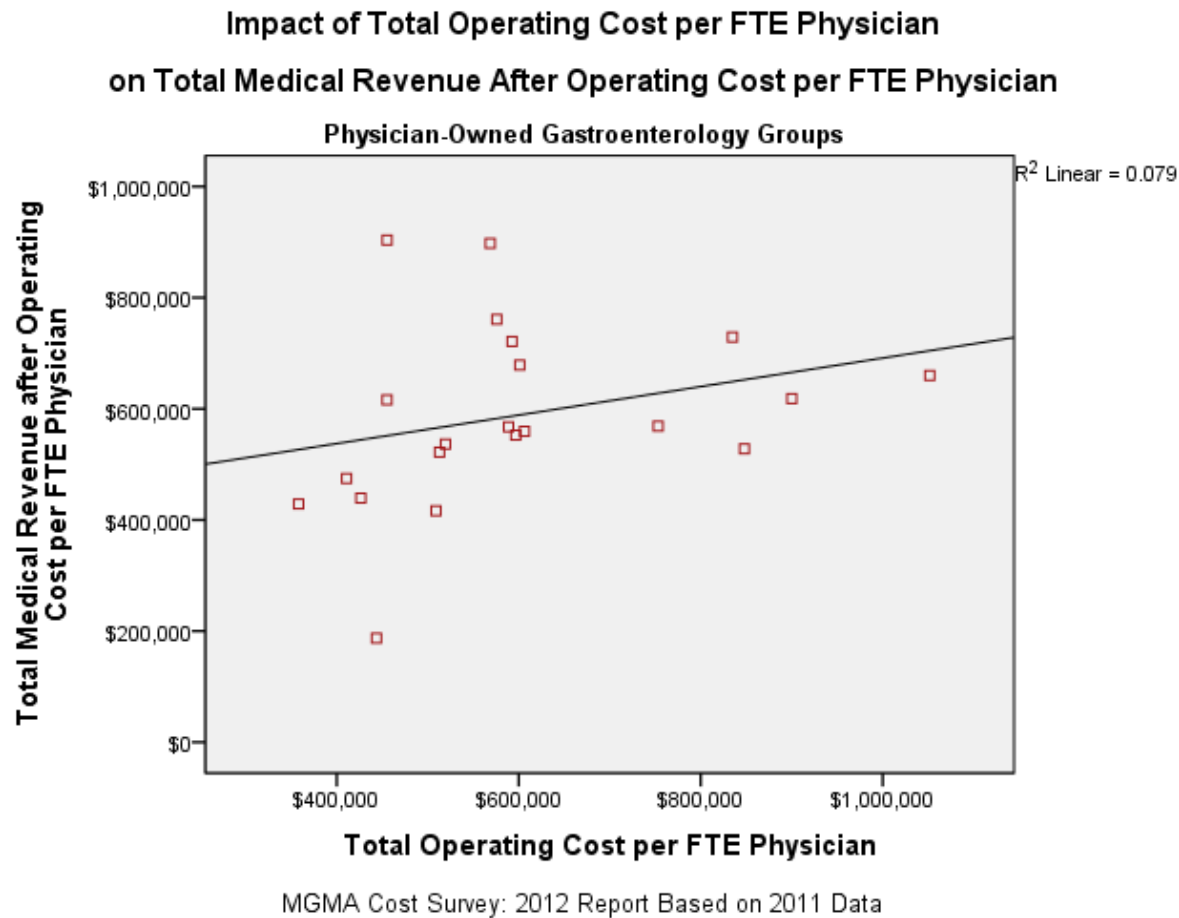
Total Expenses Are Highly Correlated with Total Revenue



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Operating Costs Have Little Effect on Financial Success

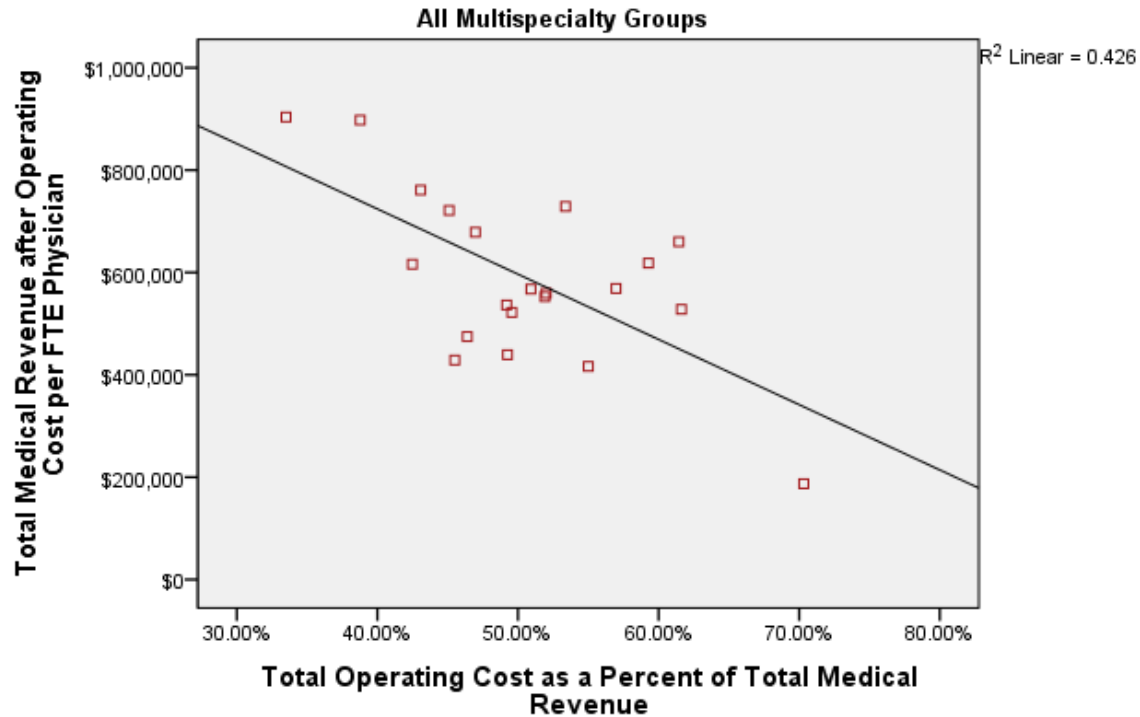


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Operating Efficiency Is Correlated with Financial Success

Impact of Total Operating Cost as a Percent of Total Medical Revenue
on Total Medical Revenue After Operating Cost per FTE Physician



MGMA Cost Survey: 2012 Report Based on 2011 Data

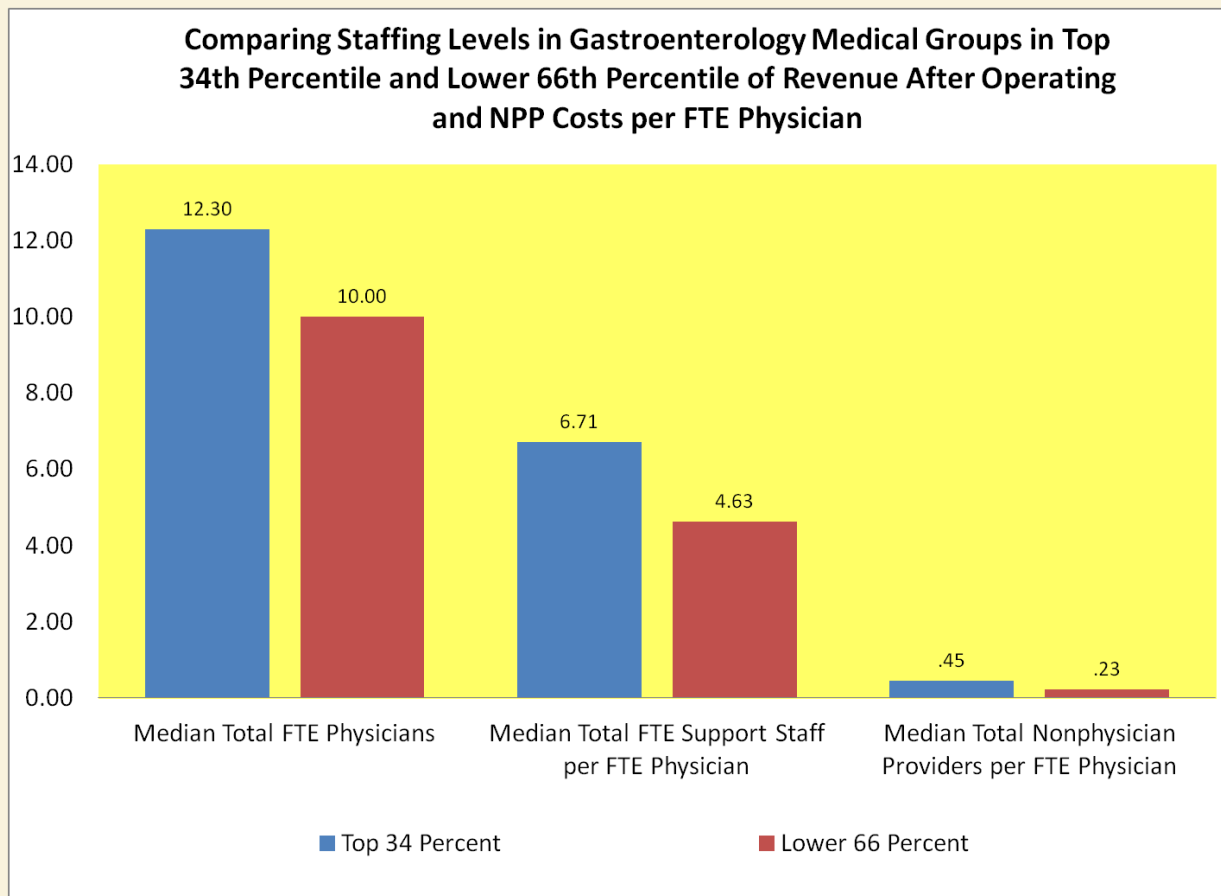
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Characteristics of the High Performing Practice

- **Comparing Physician-Owned Gastroenterology Medical Groups in Top 34th Percentile to the Lower 66th Percentile of *Revenue After Operating and NPP Costs per FTE Physician***
 - **Staffing**
 - **Revenue**
 - **Expenses**
 - **Payer Mix**
 - **Service Mix**

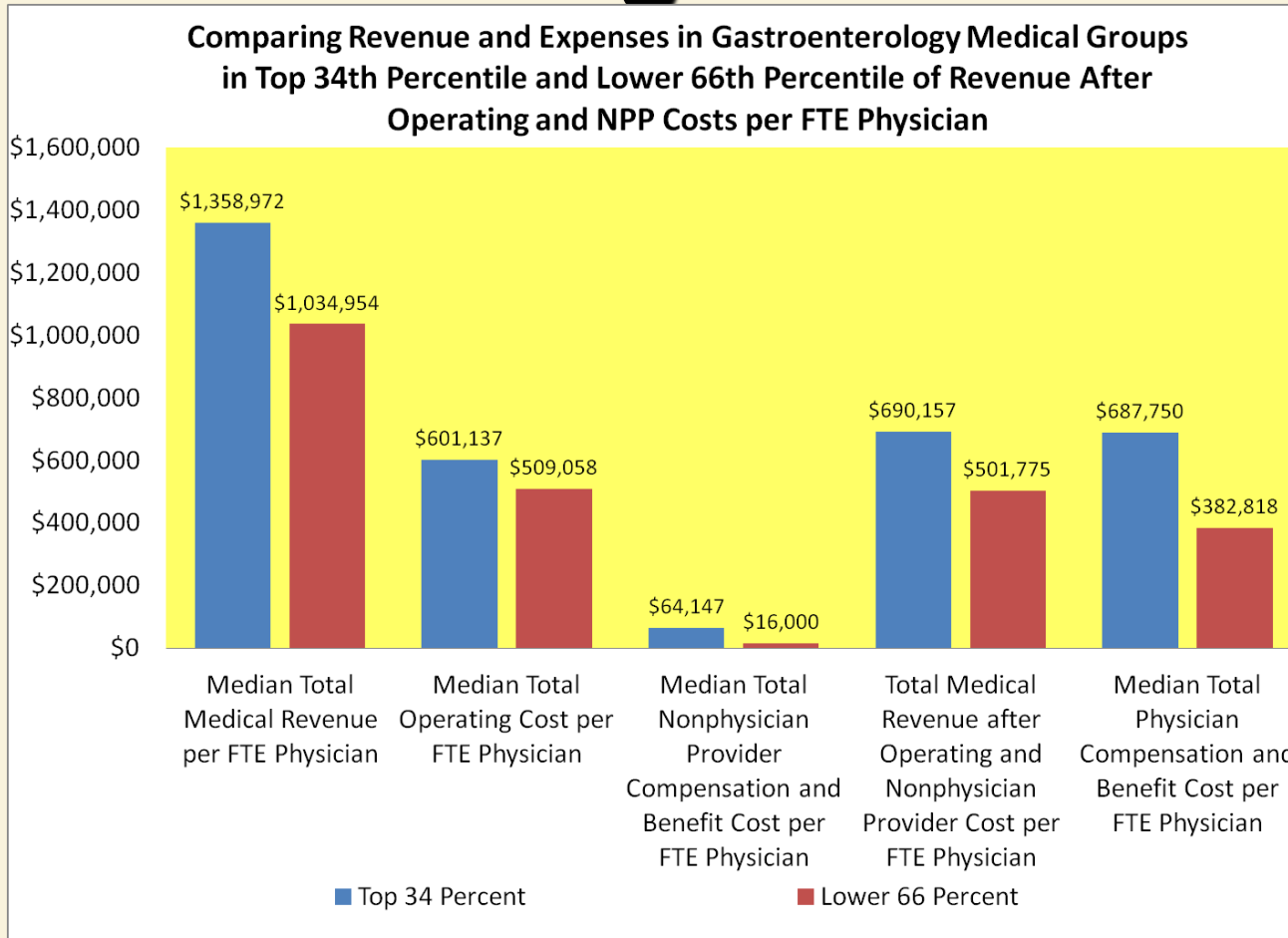
Provider Staffing Levels in High Performing Practices



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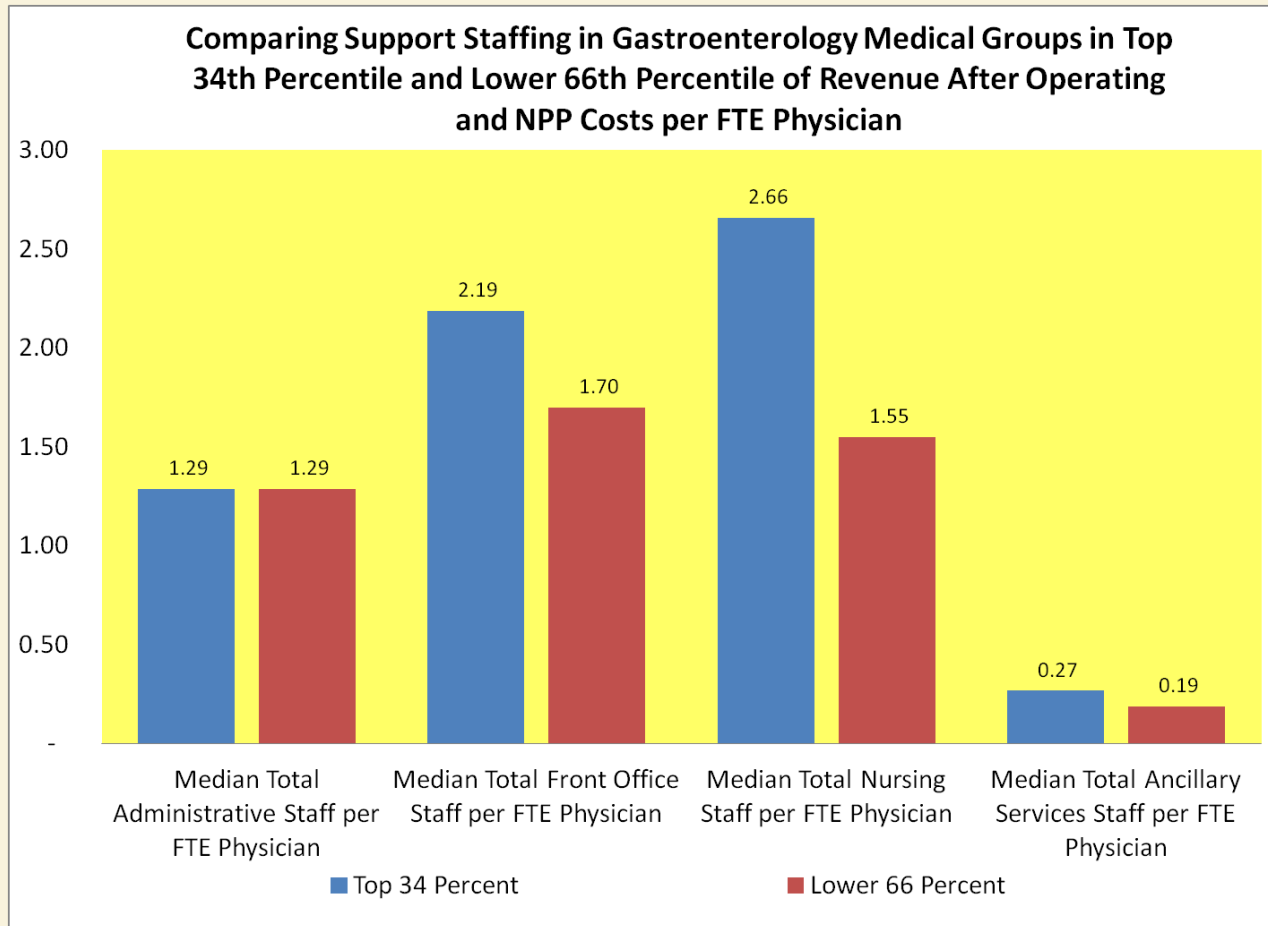
Revenue and Expenses in High Performing Practices



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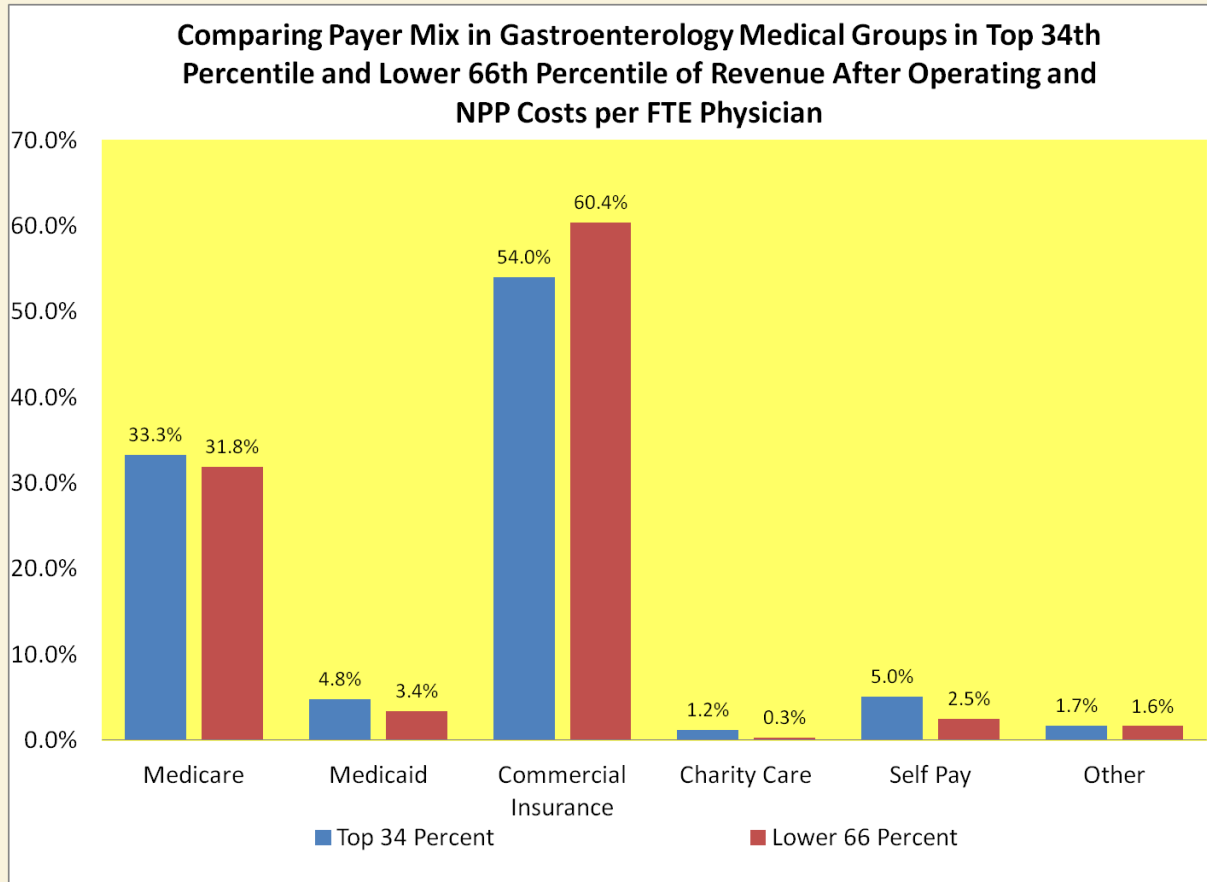
Support Staffing Levels in High Performing Practices



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Payer Mix in High Performing Practices

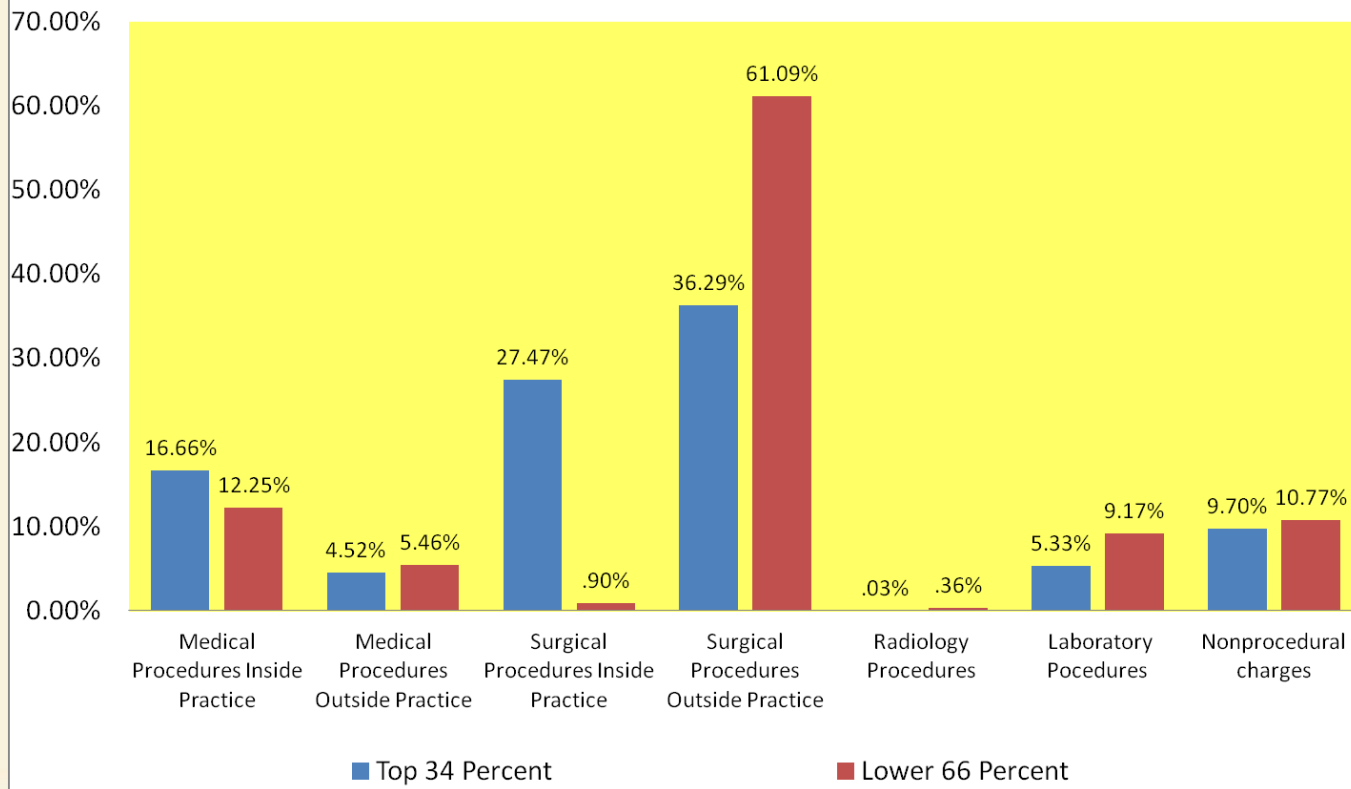


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Service Mix in High Performing Practices

Comparing Services by Percent of Gross Charges in Gastroenterology Medical Groups in Top 34th Percentile and Lower 66th Percentile of Revenue After Operating and NPP Costs per FTE Physician



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Learning Objective 3

- **How gastroenterology practices can succeed in future payment systems**



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Value Based Payment Methods

- **Fee-for Service Pay-for-performance:**
 - Reporting metrics consistent with quality
 - Reporting clinical outcomes
- **Bundled payment: a single, combined payment for all providers and facilities treating a single episode of care**
- **Capitation / global payment: a fixed, per capita amount paid per covered beneficiary per time period for contracted services**

Who Will Do Best in a Value-Based Payment Environment

The successful practice in a value-based payment environment:

- Knows its revenue and costs
- Knows what it costs the insurer
- Optimizes use of technology
- Knows its quality
- Is patient centered

The Successful Practice Must Balance Value and Costs

- Both financial and non-financial metrics are needed
- The practice's information system must aggregate data from multiple sources and time periods



Successful Practices Need the “Right Stuff”

- **Shared savings, bundled and global payment reward practices who have:**
 - **Lower utilization**
 - **Better quality**
 - **Better patient satisfaction**
 - **Better patient outcomes**
 - **Lower cost to the insurer**
- **Good management will make the difference**

Who Will Succeed in the Future Healthcare Environment?

- *It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change. -Charles Darwin*
- *It is not necessary to change. Survival is not mandatory. -W. Edwards Deming*
- *We are confronted with insurmountable opportunities. -Walt Kelly*

Are There Any Questions?

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About MGMA-ACMPE

The premier membership association for professional administrators and leaders of medical group practices.

MGMA-ACMPE was created in 2011 when members of the Medical Group Management Association (MGMA), and its credentialing body, the American College of Medical Practice Executives (ACMPE) voted to merge organizations

Biographical Summary

Mr. Gans is a national authority on medical practice operations and health systems for MGMA-ACMPE (formally known as the Medical Group Management Association). He is an educational speaker for the Association, authors a monthly column in the Association journal and serves MGMA-ACMPE members as a resource on all areas of medical group practice management. His work addresses issues of importance to medical practice executives including:

- **Patient safety and quality**
- **Administrative simplification, cost efficiency, and the dissemination of best practices**
- **Application of information technology**
- **Preparing for health care reform and a transformed health delivery system. .**

Mr. Gans received his Bachelor of Arts degree in Government from the University of Notre Dame, a Masters of Science degree in Education from the University of Southern California, and a Master of Science in Health Administration degree from the University of Colorado. Mr. Gans is retired from the United States Army Medical Service Corps in the grade of Colonel, U.S. Army Reserve. He is a Certified Medical Practice Executive and a Fellow in the American College of Medical Practice Executives.

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