



Physician Compensation Do's and Don'ts

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- HFMA OK Chapter

Agenda



1

Physician Compensation 101

2

New Model Gone Bad

3

Other Issues

4

Summing It Up

PHYSICIAN COMPENSATION 101



Let's Talk Basics

- Independent vs Hospital Owned
- Physician Champion
- MGMA Benchmarking
- Models
- Draws and Quarterly True-Ups . . .



Straight Salary

Straight Salary

Fixed salary regardless of clinical productivity or other activities



ADVANTAGES

- ▶ Easily administered
- ▶ Transparent
- ▶ Offers financial security and mitigates stress, burnout

DISADVANTAGES

- ▶ No clinical productivity incentive
- ▶ Will overcompensate and undercompensate
- ▶ Minimizes adoption of new technology

- Slow down
- Unexpected financial losses
- Not motivated – minimum expectations of contract
- Limited contract lengths
- Non-renewals if expectations aren't met
- APP's – does not fairly capture workload
- May not encourage engagement in organization initiatives

Straight Productivity

Pure Productivity

Payment or allocation of distributable revenue (after costs) based on percentage of billings, collections, or wRVUs



ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">▶ Incentivizes clinical productivity▶ Potential for "healthy competition"▶ Objective approach	<ul style="list-style-type: none">▶ Possible discrimination based on payor source▶ Unhealthy competition▶ No correlation to patient experience or outcomes

- Work horse – losing QUALITY focus
- Scenario of “my” or “mine”
- APPs
- Tends to be favorable for “bottom line”
- Disincentivizes physicians from performing non-revenue generating activities.
- Disincentivizes physicians from facilitating recruitment or support recruits
- May lead to over-coding

Base Salary + Productivity Bonus

Salary + Productivity

Base salary plus productivity incentive bonus



ADVANTAGES

- ▶ Levers to incentivize clinical work
- ▶ Can be transparent
- ▶ Level of financial security mitigates stress, burnout

DISADVANTAGES

- ▶ Challenging to calibrate
- ▶ May lead to divisive competition
- ▶ Diminishes non-clinical contributions

- Minimum vs Bonused
- Downward adjustments may be warranted
- Competitive
- Flexibility in model may lead to overcomplication
- Requires right mix of base, productivity targets/rates and non-producing incentives adds risk if unrealistic

Salary + Outcomes

Salary + Outcomes

Base salary plus bonus based on any combination of factors such as quality metrics and patient satisfaction




ADVANTAGES

- ▶ Provides a measure of financial security (important for recent graduates)
- ▶ Can be transparent
- ▶ Customizable to mission/goals

DISADVANTAGES

- ▶ No clinical productivity incentive
- ▶ Challenging to calibrate

- Value based contracts vs FFS
- Data driven

CORE INCENTIVE	DESCRIPTION	POTENTIAL METRIC EXAMPLES
Productivity	Measure of a physician's clinical work or output	<ul style="list-style-type: none"> ▶ wRVUs ▶ Historical Averages
Quality	Measure of a physician's quality of care outcomes	<ul style="list-style-type: none"> ▶ Medicare or NCQA/HEDIS Quality Metrics ▶ CME ▶ Design and peer review of clinical care pathways ▶ Engaging in system-approved programs for improving social determinants of health
Citizenship	Measure that drives patient brand loyalty and growth in a consumer-driven market	<ul style="list-style-type: none"> ▶ Technology – % of Virtual Health Appointments Completed ▶ Leadership – Department/Division Roles ▶ Research – # of Published Publications ▶ Community outreach and indigent care

Which one is best?



- Engage physicians early and often.
- Create and adhere to guiding principles.
- Think beyond the dollars.
- Identify the decision-makers.
- Create a purposeful communication and change-management strategy.
- And don't expect the process to happen overnight.

NEW MODEL GONE BAD



Can it really be this bad?



- 140 Size Independent Multi-Specialty Group
- Over 80 Years in Business
- \$300M Gross Revenues
- Physicians “Felt” they were Under Market in their Pay
- Created a New Model using Productivity Tiering
- Everyone went to >90th Percentile

Productivity x Conversion Factor = Total Productivity Compensation

$$\#,### \text{ wRVU} \quad \times \quad \$Xx.xx \text{ CF} \quad = \quad \$Xxx,xxx$$

Timeline of Events



**Average Compensation
~\$8M - \$9M per Quarter**

**New Model
\$15M Q3**

**New Model
\$15M Q4**

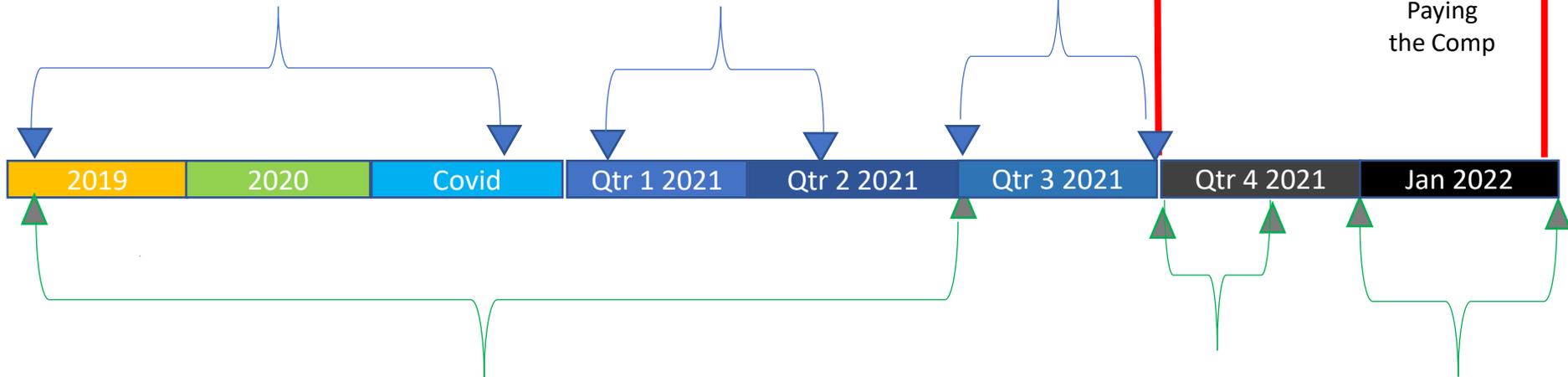
2019 – 2020
Old Model and Covid

Phy Comp Committee formed to
create a more Market Based Model

First Qtr to
Apply New
Model

Investor
Purchased
Group
Oct 1st

Investor
Red Flag
Since
They are
Paying
the Comp

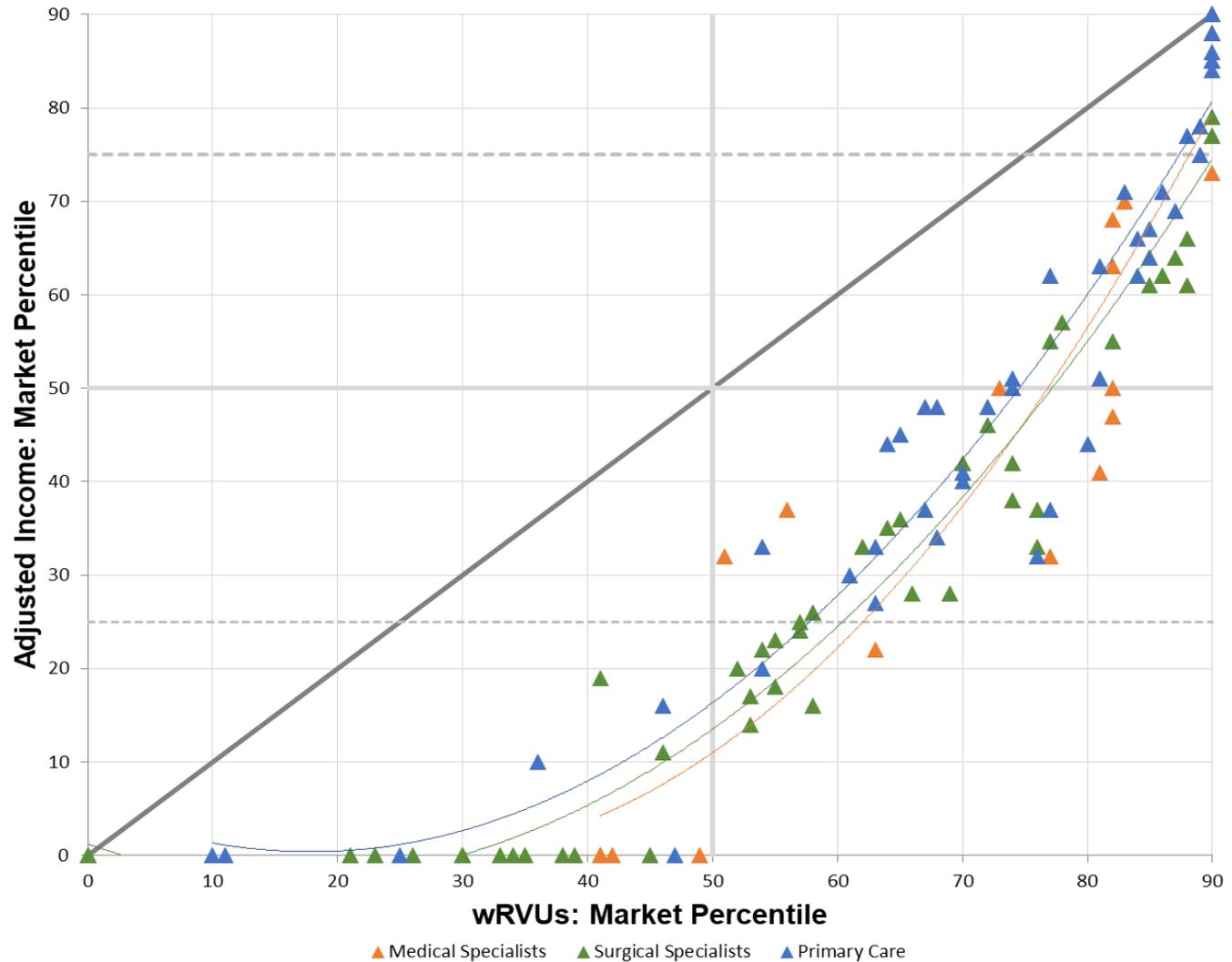


Model Personal Productivity
Contributions to Total Productivity
Applied to Net Distribution (i.e. Net Income)

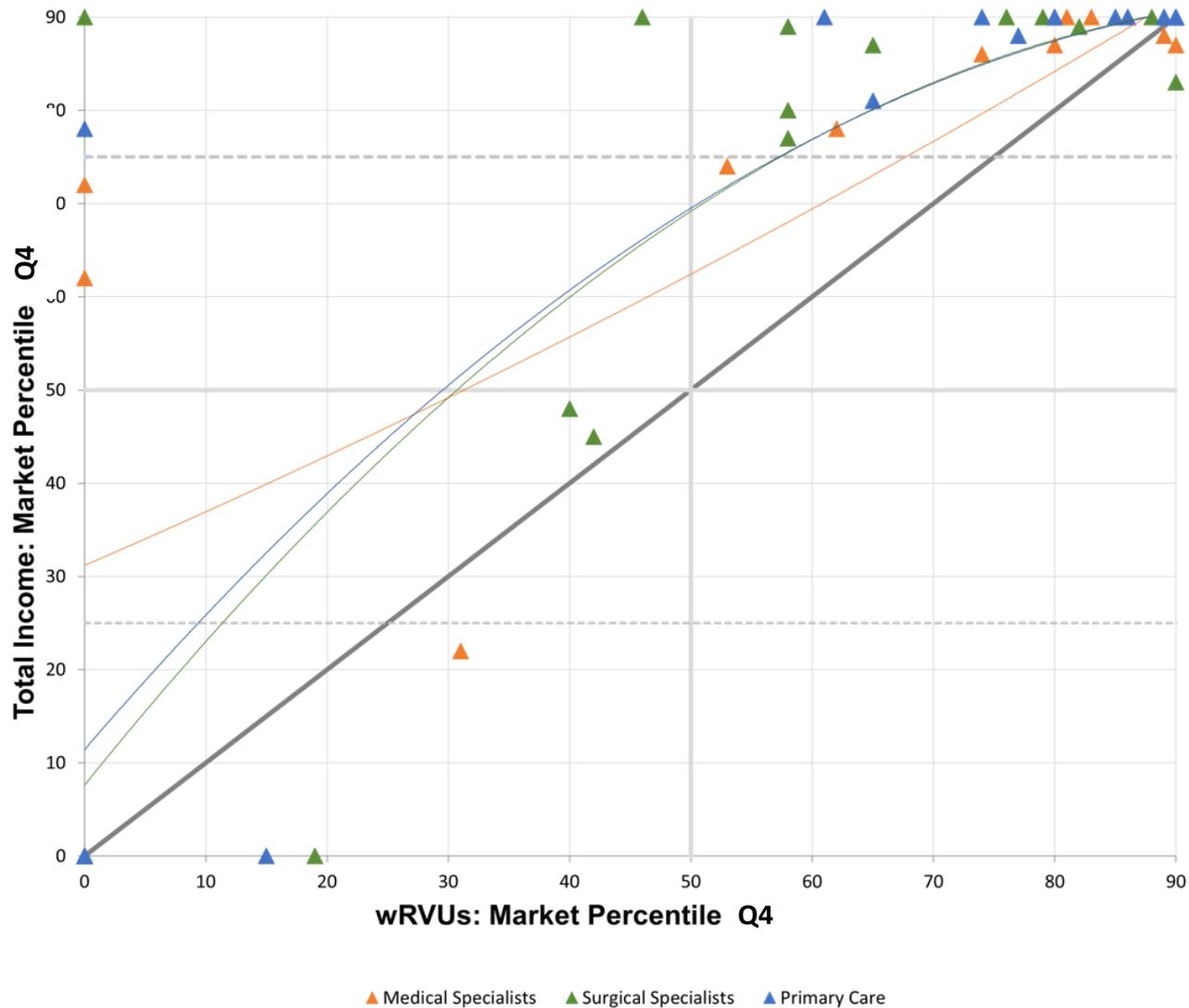
Calculations Prepared
For Q3 True Up
Paid Oct 25th

Q4 Calculations
Prepared;
Payment was
Held

2019 Old Model



2021 New Model



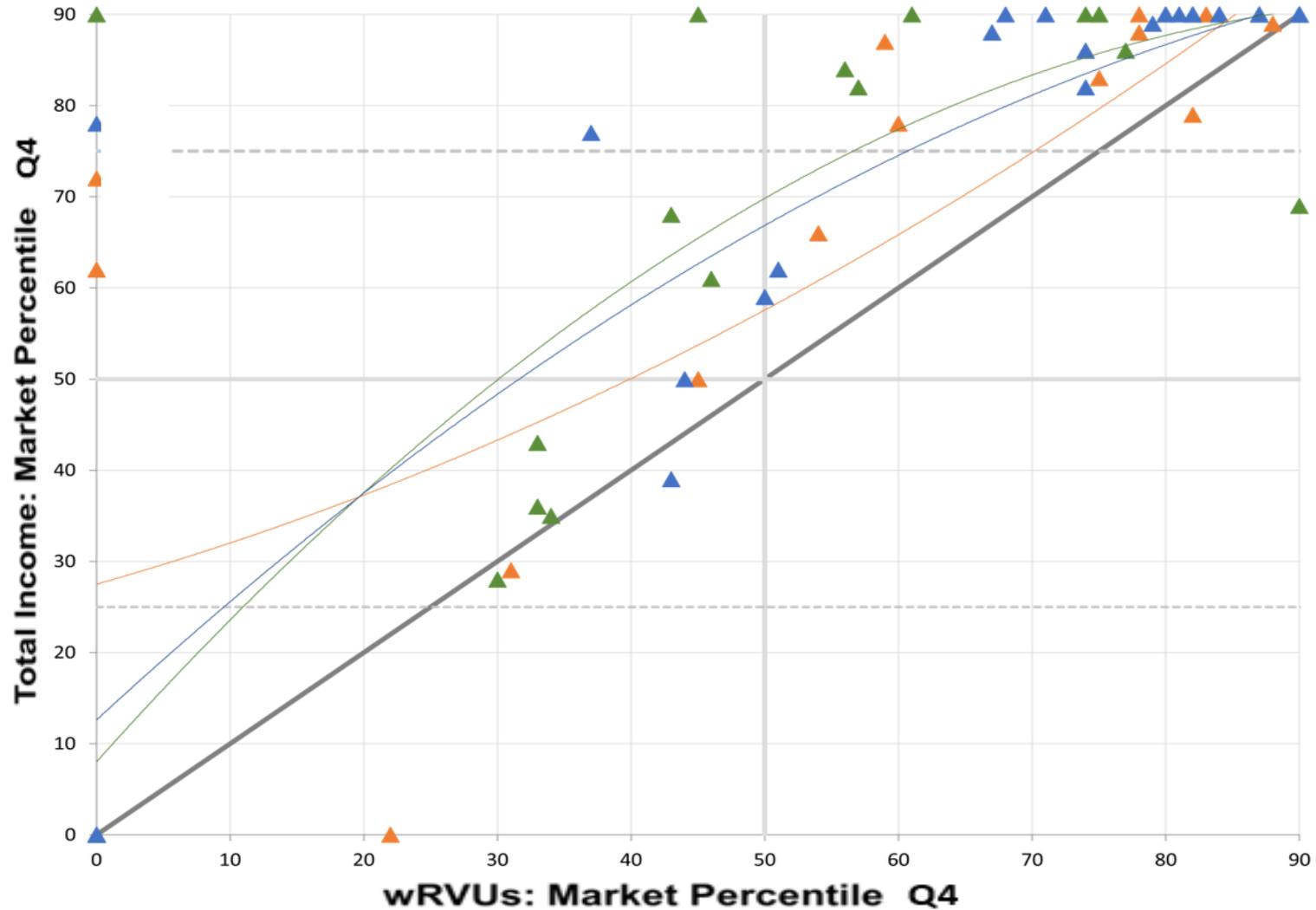
What is wrong? Issue #1



USED NEW 2021 CMS wRVU's WITHOUT MUCH REGARD

- This financial impact is substantial since no reimbursement to cover. Most organizations stayed with CMS 2020 wRVU's until revenue can catch up to cover the new additional productivity payouts in a fee for service environment.
- wRVU variances were calculated from 2020 to 2021 for each CPT
- This variance was then applied to all CPT's full year charge file. The effect was 92,442 additional wRVUs for the year with 99213 and 99214 the majority of this number.
 - 99213 were 26,935 wRVUs
 - 99214 were 52,707 wRVUs
- To calculate an estimated financial impact in total, used the conversion factor average 50th percentile that was used in the compensation model of \$60.32 which results in an annual impact of \$5,817,381. This was best case scenario.

2021 New Model 2020 CMS



Conversion Factor Logic



Tiered Rate Calculation Table

Specialty	50th %ile	Bucket Ranges (Percentiles)							MGMA 50th %ile	100%
		0 - 25	26 - 50	51 - 60	61 - 70	71 - 80	81 - 90	>90		
Allergy/Immunology	75.32	56.49	67.79	75.32	76.82	78.33	79.84	81.34	75.32	75.32
Bariatrics	64.71	48.53	58.24	64.71	66.00	67.29	68.59	69.88	64.71	64.71
Cardiology: Electro	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	57.68	60.32
Cardiology: Noninv	62.54	46.90	56.28	62.54	63.79	65.04	66.29	67.54	62.54	62.54
Dermatology	66.85	50.14	60.16	66.85	68.18	69.52	70.86	72.19	66.85	66.85
Endocrinology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	55.25	60.32
ENT	66.28	49.71	59.65	66.28	67.61	68.93	70.26	71.58	66.28	66.28
Family Medicine	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	51.04	60.32
Gastroenterology	66.08	49.56	59.48	66.08	67.41	68.73	70.05	71.37	66.08	66.08
General Surgery	65.30	48.98	58.77	65.30	66.61	67.92	69.22	70.53	65.30	65.30
Geriatrics	67.68	50.76	60.92	67.68	69.04	70.39	71.74	73.10	67.68	67.68
Internal Medicine	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	54.63	60.32
OB/GYN	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	53.28	60.32
OB/GYN: Gyn Only	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	51.44	60.32
Ophthalmology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	47.92	60.32
Orthopedics	75.35	56.51	67.82	75.35	76.86	78.36	79.87	81.38	75.35	75.35
Pain Mgmt: Nonanesth	71.70	53.78	64.53	71.70	73.14	74.57	76.01	77.44	71.70	71.70
Pediatrics	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	48.82	60.32
PMR	62.40	46.80	56.16	62.40	63.64	64.89	66.14	67.39	62.40	62.40
Podiatry	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	49.40	60.32
Radiology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	55.41	60.32
Rheumatology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	58.28	60.32
Sleep Medicine	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	59.21	60.32
Urology	61.03	45.78	54.93	61.03	62.25	63.47	64.70	65.92	61.03	61.03
Change from 50th %ile		-25.0%	-10.0%	0.0%	2.0%	4.0%	6.0%	8.0%	60.32	

3 YEAR AVERAGE (2017 – 2019) OF MGMA CONVERSION FACTOR MULTISPECIALTY “AVERAGE” WITH A FLOOR TIER STEPS WERE NOT REALISTIC

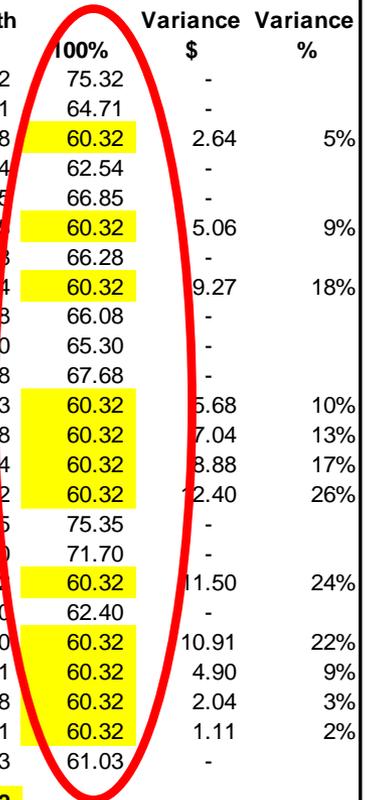
- The 7 Tier methodology for conversion factors per specialty is currently using the average of **last 3 years** by specialty at the 50th percentile.
- If the specialty’s 50th percentile (which was used as the benchmark) fell **below** the average of **ALL** the specialties, the average was used which was \$60.32.
- 12 out of 24 specialties fit these specifications and therefore used the higher CF ultimately pushing to a much higher MGMA percentile.
- The effect to these 12 specialties for the Q4 model was a ~\$2M financial impact.
- Also creating a disparity was the large percentage tier bumps from the 50th percentile benchmark.

Conversion Factor Math



Tiered Rate Calculation Table

Specialty	50th %ile	Bucket Ranges (Percentiles)							MGMA 50th %ile	100%	Variance \$	Variance %
		0 - 25	26 - 50	51 - 60	61 - 70	71 - 80	81 - 90	>90				
Allergy/Immunology	75.32	56.49	67.79	75.32	76.82	78.33	79.84	81.34	75.32	75.32	-	
Bariatrics	64.71	48.53	58.24	64.71	66.00	67.29	68.59	69.88	64.71	64.71	-	
Cardiology: Electro	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	57.68	60.32	2.64	5%
Cardiology: Noninv	62.54	46.90	56.28	62.54	63.79	65.04	66.29	67.54	62.54	62.54	-	
Dermatology	66.85	50.14	60.16	66.85	68.18	69.52	70.86	72.19	66.85	66.85	-	
Endocrinology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	55.21	60.32	5.06	9%
ENT	66.28	49.71	59.65	66.28	67.61	68.93	70.26	71.58	66.28	66.28	-	
Family Medicine	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	51.04	60.32	9.27	18%
Gastroenterology	66.08	49.56	59.48	66.08	67.41	68.73	70.05	71.37	66.08	66.08	-	
General Surgery	65.30	48.98	58.77	65.30	66.61	67.92	69.22	70.53	65.30	65.30	-	
Geriatrics	67.68	50.76	60.92	67.68	69.04	70.39	71.74	73.10	67.68	67.68	-	
Internal Medicine	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	54.63	60.32	5.68	10%
OB/GYN	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	53.28	60.32	7.04	13%
OB/GYN: Gyn Only	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	51.44	60.32	8.88	17%
Ophthalmology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	47.92	60.32	12.40	26%
Orthopedics	75.35	56.51	67.82	75.35	76.86	78.36	79.87	81.38	75.35	75.35	-	
Pain Mgmt: Nonanesth	71.70	53.78	64.53	71.70	73.14	74.57	76.01	77.44	71.70	71.70	-	
Pediatrics	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	48.81	60.32	11.50	24%
PMR	62.40	46.80	56.16	62.40	63.64	64.89	66.14	67.39	62.40	62.40	-	
Podiatry	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	49.40	60.32	10.91	22%
Radiology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	55.41	60.32	4.90	9%
Rheumatology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	58.28	60.32	2.04	3%
Sleep Medicine	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	59.21	60.32	1.11	2%
Urology	61.03	45.78	54.93	61.03	62.25	63.47	64.70	65.92	61.03	61.03	-	
Change from 50th %ile		-25.0%	-10.0%	0.0%	2.0%	4.0%	6.0%	8.0%	60.32			



Conversion Factor Math



Tiered Rate Calculation Table		Bucket Ranges (Percentiles)							MGMA 50th		Variance	
Specialty	50th %ile	0 - 25	26 - 50	51 - 60	61 - 70	71 - 80	81 - 90	>90	%ile	100%	\$	%
Allergy/Immunology	75.32	56.49	67.79	75.32	76.82	78.33	79.84	81.34	75.32	75.32	-	
Bariatrics	64.71	48.53	58.24	64.71	66.00	67.29	68.59	69.88	64.71	64.71	-	
Cardiology: Electro	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	57.68	60.32	2.64	5%
Cardiology: Noninv	62.54	46.90	56.28	62.54	63.79	65.04	66.29	67.54	62.54	62.54	-	
Dermatology	66.85	50.14	60.16	66.85	68.18	69.52	70.86	72.19	66.85	66.85	-	
Endocrinology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	55.25	60.32	5.06	9%
ENT	66.28	49.71	59.65	66.28	67.61	68.93	70.26	71.58	66.28	66.28	-	
Family Medicine	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	51.04	60.32	9.27	18%
Gastroenterology	66.08	49.56	59.48	66.08	67.41	68.73	70.05	71.37	66.08	66.08	-	
General Surgery	65.30	48.98	58.77	65.30	66.61	67.92	69.22	70.53	65.30	65.30	-	
Geriatrics	67.68	50.76	60.92	67.68	69.04	70.39	71.74	73.10	67.68	67.68	-	
Internal Medicine	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	54.63	60.32	5.68	10%
OB/GYN	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	53.28	60.32	7.04	13%
OB/GYN: Gyn Only	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	51.44	60.32	8.88	17%
Ophthalmology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	47.92	60.32	12.40	26%
Orthopedics	75.35	56.51	67.82	75.35	76.86	78.36	79.87	81.38	75.35	75.35	-	
Pain Mgmt: Nonanesth	71.70	53.78	64.53	71.70	73.14	74.57	76.01	77.44	71.70	71.70	-	
Pediatrics	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	48.82	60.32	11.50	24%
PMR	62.40	46.80	56.16	62.40	63.64	64.89	66.14	67.39	62.40	62.40	-	
Podiatry	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	49.40	60.32	10.91	22%
Radiology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	55.41	60.32	4.90	9%
Rheumatology	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	58.28	60.32	2.04	3%
Sleep Medicine	60.32	45.24	54.29	60.32	61.52	62.73	63.94	65.14	59.21	60.32	1.11	2%
Urology	61.03	45.78	54.93	61.03	62.25	63.47	64.70	65.92	61.03	61.03	-	
	 Change from 50th %ile	-25.0%	-10.0%	0.0%	2.0%	4.0%	6.0%	8.0%	60.32			

What is wrong?

Issue #3



OUTSIDE INCOME PAID OUT AT 99% - 100% UNLESS BELOW 50TH PERCENTILE

Outside Income Retention Table

Bucket Ranges (Percentiles)

	0 - 25	26 - 50	51 - 60	61 - 70	71 - 80	81 - 90	>90
Trauma Call / On Call	0%	50%	99%	99%	99%	99%	99%
Laborist	0%	50%	99%	99%	99%	99%	99%
Medical Director	0%	50%	99%	99%	99%	99%	99%
EKG Consult Services	0%	50%	99%	99%	99%	99%	99%
OB Proctor Services	0%	50%	99%	99%	99%	99%	99%
Depositions / Consultations	0%	50%	99%	99%	99%	99%	99%
Other Work (outside normal bus. hours)	0%	50%	99%	99%	99%	99%	99%
Speaking	0%	50%	99%	99%	99%	99%	99%
Research	0%	50%	99%	99%	99%	99%	99%
Panel	100%	100%	100%	100%	100%	100%	100%
Meeting Stipend	100%	100%	100%	100%	100%	100%	100%
Teaching	100%	100%	100%	100%	100%	100%	100%

Total Annual Exposure



Issue #1 - CMS 2021 vs 2020	~\$9M annually
Issue #2 - Conversion Factor	~\$14M annually
Issue #3 - Outside Income	~\$2M annually

~\$35M

VS

\$~57M



2022 New Model Finalized



Tiered Rate Calculation Table

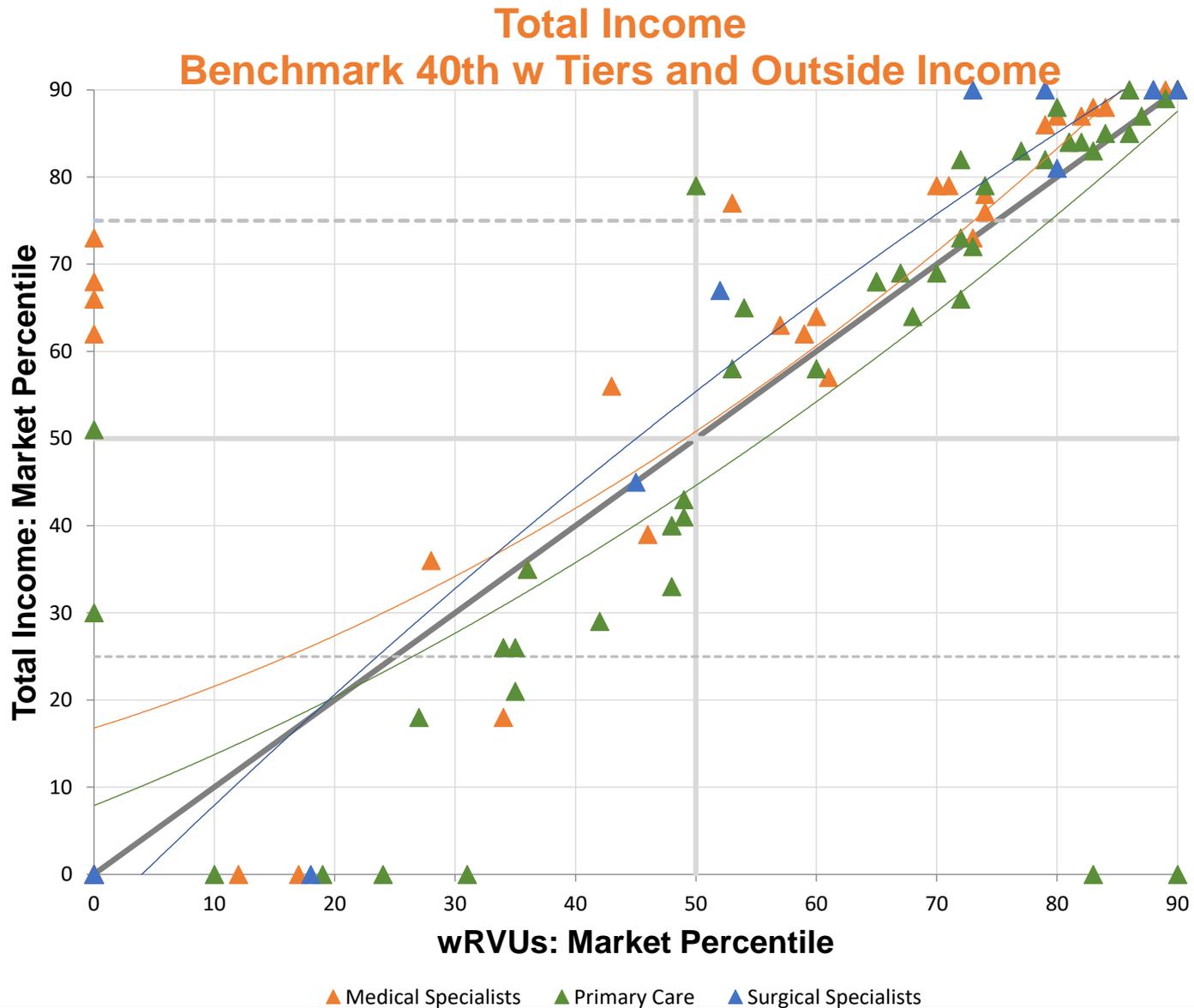
Specialty	CF Benchmark	Bucket Ranges (Percentiles)						
		0 - 25	26 - 50	51 - 60	61 - 70	71 - 80	81 - 90	>90
Allergy/Immunology	\$70.85	63.77	67.31	70.85	71.56	72.27	72.98	73.68
Bariatrics	\$54.98	49.48	52.23	54.98	55.53	56.08	56.63	57.18
Cardiology: Electro	\$56.41	50.77	53.59	56.41	56.97	57.54	58.10	58.67
Cardiology: Noninv	\$60.14	54.13	57.13	60.14	60.74	61.34	61.94	62.55
Dermatology	\$65.00	58.50	61.75	65.00	65.65	66.30	66.95	67.60
Endocrinology	\$53.32	47.99	50.65	53.32	53.85	54.39	54.92	55.45
ENT	\$62.45	56.21	59.33	62.45	63.07	63.70	64.32	64.95
Family Medicine	\$49.60	44.64	47.12	49.60	50.10	50.59	51.09	51.58
Gastroenterology	\$62.81	56.53	59.67	62.81	63.44	64.07	64.69	65.32
General Surgery	\$62.56	56.30	59.43	62.56	63.19	63.81	64.44	65.06
Geriatrics	\$65.06	58.55	61.81	65.06	65.71	66.36	67.01	67.66
Hospitalist	\$49.60	44.64	47.12	49.60	50.10	50.59	51.09	51.58
Internal Medicine	\$52.34	47.11	49.72	52.34	52.86	53.39	53.91	54.43
OB/GYN	\$50.65	45.59	48.12	50.65	51.16	51.66	52.17	52.68
OB/GYN: Gyn Only	\$49.31	44.38	46.84	49.31	49.80	50.30	50.79	51.28
Ophthalmology	\$47.49	42.74	45.12	47.49	47.96	48.44	48.91	49.39
Orthopedics	\$72.51	65.26	68.88	72.51	73.24	73.96	74.69	75.41
Pain Mgmt: Nonanesth	\$68.95	62.06	65.50	68.95	69.64	70.33	71.02	71.71
Pediatrics	\$47.05	42.35	44.70	47.05	47.52	47.99	48.46	48.93
PMR	\$61.63	55.47	58.55	61.63	62.25	62.86	63.48	64.10
Podiatry	\$47.50	42.75	45.13	47.50	47.98	48.45	48.93	49.40
Psy	\$67.11	60.40	63.75	67.11	67.78	68.45	69.12	69.79
Radiology	\$51.55	46.40	48.97	51.55	52.07	52.58	53.10	53.61
Rheumatology	\$57.10	51.39	54.25	57.10	57.67	58.24	58.81	59.38
Sleep Medicine	\$56.35	50.72	53.53	56.35	56.91	57.48	58.04	58.60
Urology	\$58.29	52.46	55.38	58.29	58.87	59.46	60.04	60.62

Tier Level Multiplier -10.0% -5.0% 0.0% 1.0% 2.0% 3.0% 4.0%

Outside Income Retention Table

Outside Income Retention	Bucket Ranges (Percentiles)						
	0 - 25	26 - 50	51 - 60	61 - 70	71 - 80	81 - 90	>90
Outside Income Retention	0%	50%	75%	75%	99%	99%	99%

2022 New Model Finalized



OTHER ISSUES



Revenue Leakage or Compliance Risk

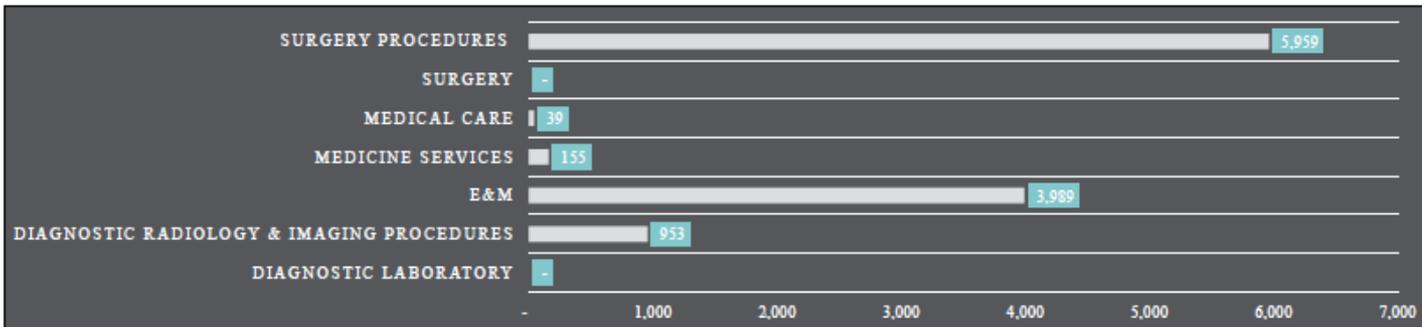


Provider Detail

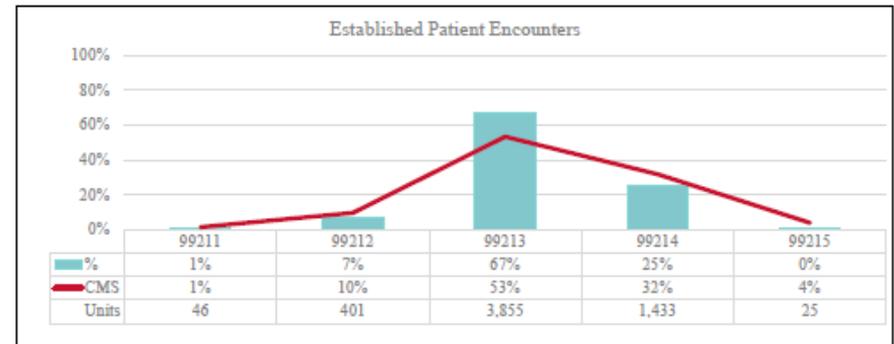
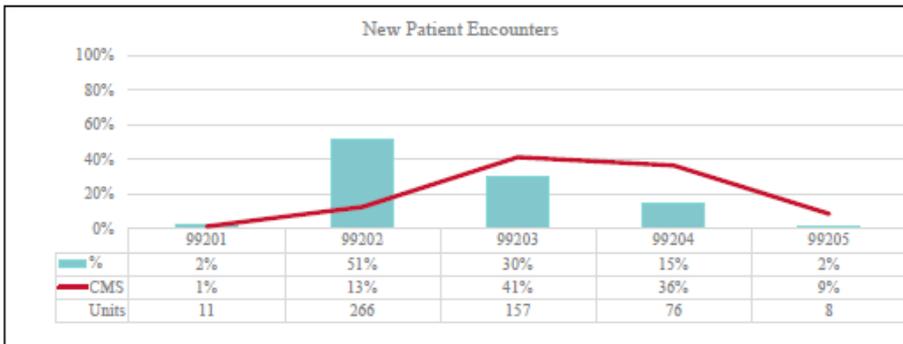
Clinic Specialty: Obstetrics/Gynecology

Graphical Representation of Procedures

The illustration below is based on the CMS's designated categories for medical procedures. We identified the hours distribution of services provided by the Physician.



The illustrations below compare the Physicians' distribution of encounters to CMS's distribution of similar codes. The first illustrations represent the CMS distribution for the New Patient encounters while the second illustration represents Established Patient encounters.



Revenue Leakage or Compliance Risk

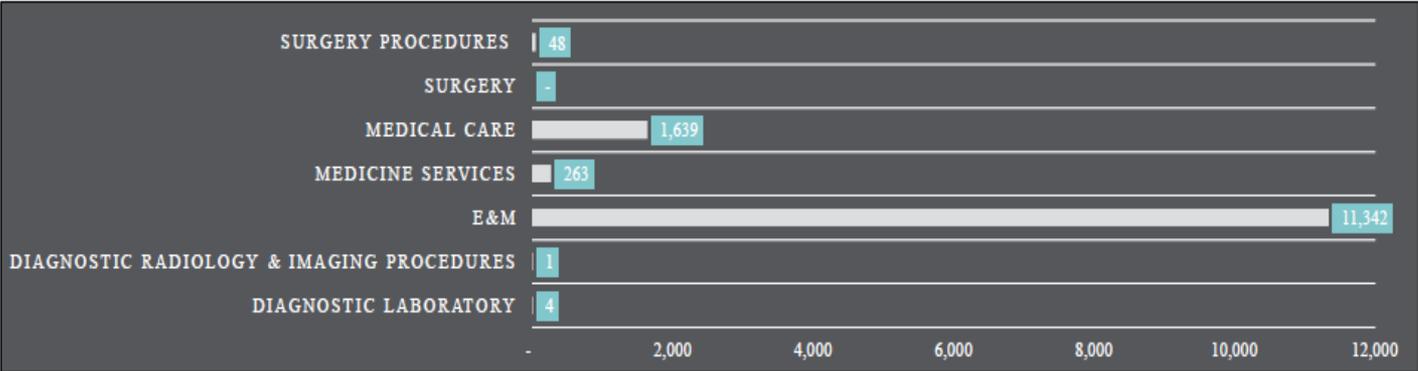


Provider Detail

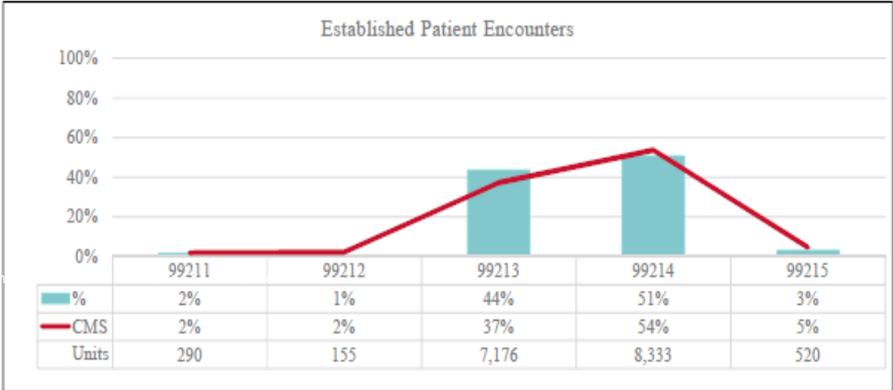
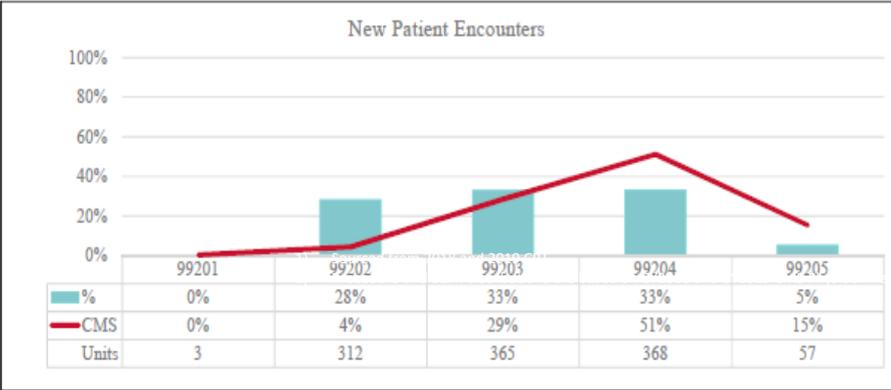
Clinic Specialty: Internal Medicine

Graphical Representation of Procedures

The illustration below is based on the CMS's designated categories for medical procedures. We identified the hours distribution of services provided by the Physician.



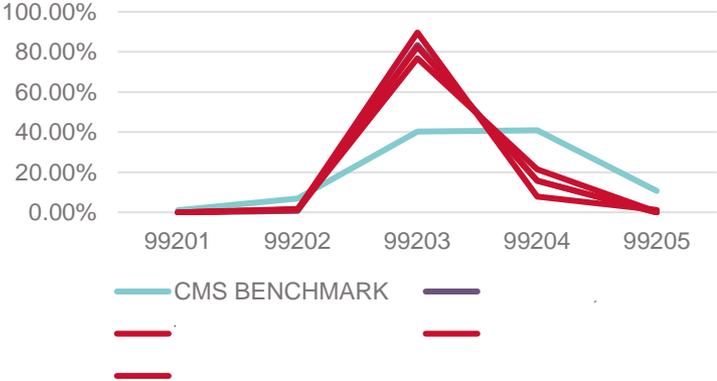
The illustrations below compare the Physicians' distribution of encounters to CMS's distribution of similar codes. The first illustration represents the CMS distribution for the New Patient encounters while the second illustration represents Established Patient encounters.



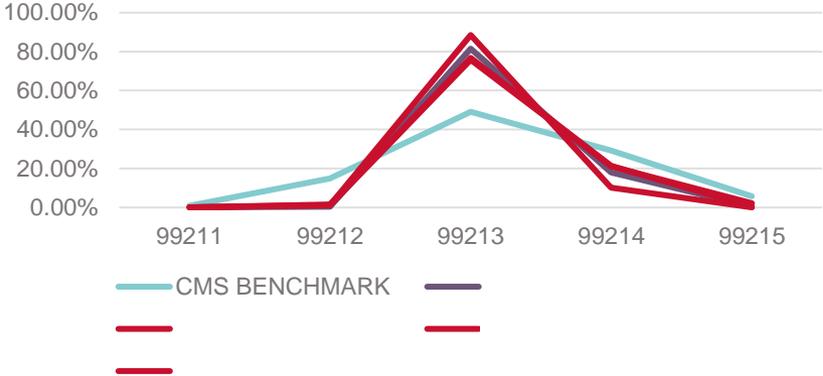
E&M Analysis



NEUROSURGERY PHYSICIAN NEW PT VISIT DISTRIBUTION



NEUROSURGERY PHYSICIAN EST. PT VISIT DISTRIBUTION



Benchmarking



Specialty	FTE Status	wRVU Ranking	Compensation Ranking	Compensation to Work RVU Variant Over 15PP
Neurology	0.14	11 P	8 P	NO
Surgery - General	0.23	23 P	41 P	YES
OB/GYN - General	1.00	11 P	43 P	YES
Family Medicine	0.82	11 P	6 P	NO
OB/GYN - General	1.00	22 P	51 P	YES
Pulmonary Medicine - General	1.00	49 P	64 P	NO
Surgery - Vascular	1.00	9 P	49 P	YES
Urology	1.00	25 P	39 P	NO
Internal Medicine - General	1.00	21 P	31 P	NO
Surgery - General	0.99	47 P	41 P	NO
Internal Medicine - General	1.00	18 P	37 P	YES
Family Medicine	0.95	27 P	38 P	NO
Urology	1.00	14 P	10 P	NO
Neurology	1.00	16 P	25 P	NO
Gastroenterology	1.00	60 P	53 P	NO
Family Medicine	1.00	18 P	18 P	NO
Surgery - General	0.52	44 P	52 P	NO
Internal Medicine - General	0.83	7 P	42 P	YES
Internal Medicine - General	0.69	71 P	31 P	YES
Internal Medicine - General	1.00	30 P	37 P	NO
Endocrinology/Metabolism	0.15	17 P	42 P	YES
Cardiology - Invasive - Interventional	0.38	4 P	38 P	YES
Family Medicine	1.00	23 P	48 P	YES
OB/GYN - General	1.00	31 P	41 P	NO
Urgent Care	1.00	21 P	27 P	NO

Benchmarking



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Neurology	0.14	11 P	8 P	NO
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Urgent Care	1.00	21 P	27 P	NO

Is there a problem?



Provider Dashboard

Provider Name Schroeder, Klau
 Specialty (1) Internal Medicine
 Clinic Kerrville Medical

Provider Compensation (2)
\$152,609
 28 P Benchmark Percentile (3)

Work RVUs (2)
4,067
 3,435 Median Benchmark Value (3)

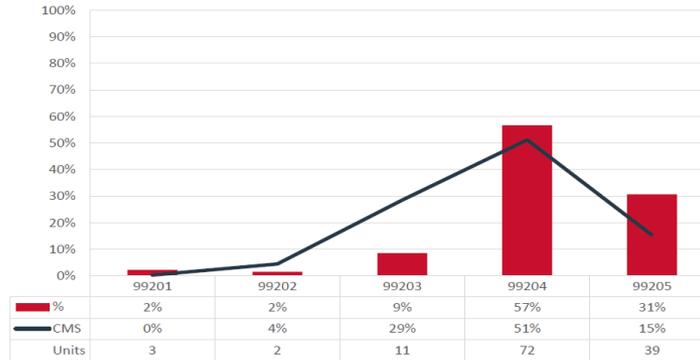
Compensation per Work RVU (2)
\$37.52
 \$52.79 Median Benchmark Value (3)

Clinical Hours (2)
1,440

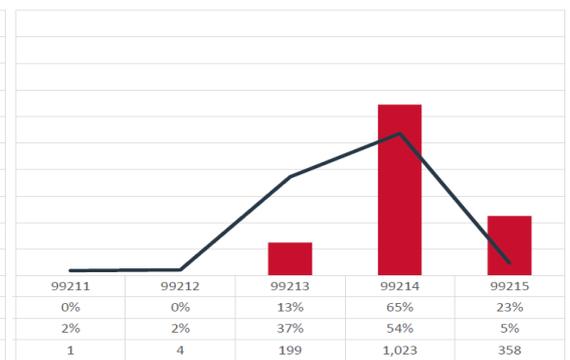
Work RVUs per Hour (2)
2.82

Total Visits (2)
2,014
 2,263 Median MGMA Value

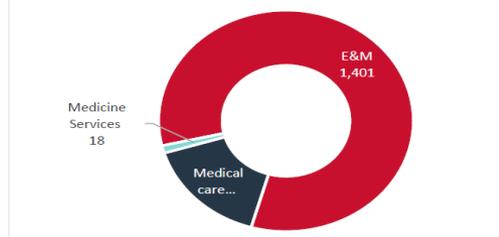
NEW PATIENT ENCOUNTERS (3)(4)



ESTABLISHED PATIENT ENCOUNTERS (3)(4)



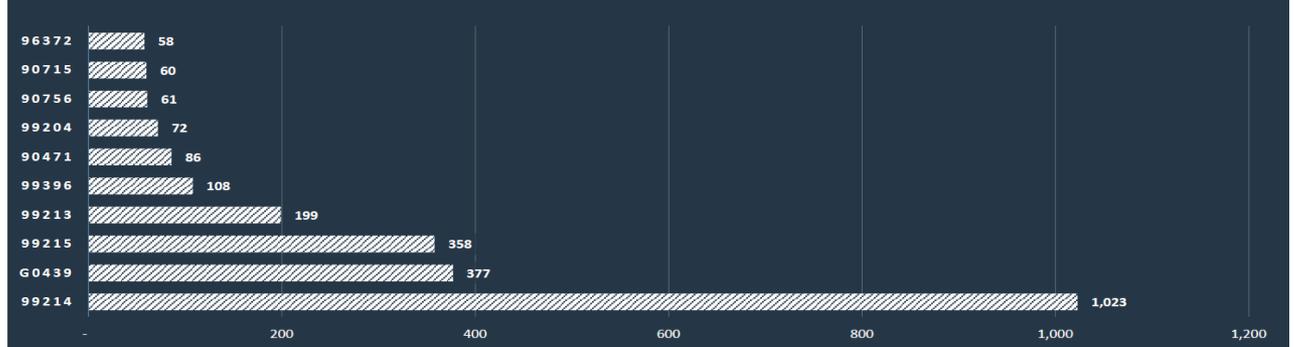
TOTAL HOURS BY CPT CODE CATEGORY (3)(5)



TOTAL HOURS BY SERVICE TYPE (2)



TOP 10 CPT CODES BY TOTAL UNITS (2)(3)



**Please see Appendix A for footnotes

Modifiers – To Pay or Not to Pay?



Use of Modifier 50 to report bilateral procedures performed during the same operative session by the same physician in either separate operative areas (e.g., hands, feet, legs, arms, ears) or in the same operative area (e.g., nose, eyes, breasts).

When performing bilateral procedures, a Modifier 50 is used for billing purposes. CMS and most payors will pay 1.5x when a bilateral procedure is administered. CMS does not apply any more work effort in wRVU more than performing a unilateral. This example is reimbursed at Medicare of \$154.37 with a 1.48 wRVU.

												RVU
ct sacroiliac joint	0810200	\$154.37	\$78.38	\$168.65	\$85.63	1.000	0.900	0.465	A	1.48		

Previous finance leadership allowed a manual adjustment for the Modifier 50 with an additional wRVU credit. This is not CMS standard.

27096: Sacroiliac Joint Injections



27096		ARTHROGRAPHY INJECT SACROILIAC I	\$9,621.00	9	1.48	13.32	\$27,731.00	26	1.48	38.48
27096	50	ARTHROGRAPHY INJECT SACROILIAC I	\$5,345.00	5	1.48	7.40	\$37,273.00	22	1.48	32.56

CURRENT RVU CREDIT TO PHYSICIAN

1-Sided Procedure: wRVU 1.48 Medicare Reimbursement \$154)

2-Sided Procedure: wRVU 1.48 Medicare Reimbursement \$231)

REQUESTED CREDIT

2-Sided Procedure: wRVU 2.96

Exposure for Organization



July Example		
Count	wRVU	Total wRVU
1	0.9	0.9
2	0.8	1.5
3	1.1	3.3
5	1.5	7.4
12	1.9	22.8
3	1.5	4.6
3	1.0	3.0
Additional wRVUs		43.5
Annualize		12
		522
Conversion Factor		\$70.33
Additional Comp		\$36,712.26

- Reimbursement is 1.5x
- Paying Physician 2x
- Where does that money come from?



More Pay for Medicare Patients?



Family Medicine Physician	% Medicare
1	64.88%
2	61.98%
3	57.21%
4	50.52%
5	49.34%
6	49.16%
7	46.81%
8	45.85%
9	41.83%
10	35.58%
11	34.06%
12	33.06%
13	28.92%
14	26.85%
15	26.50%
16	26.48%
17	25.74%
18	24.23%
19	22.39%
20	21.57%
21	20.82%
22	20.10%
23	14.90%

Internal Medicine Physician	% Medicare
1	75.42%
2	55.86%
3	49.43%

Geriatrics Physician	% Medicare
1	76.18%
2	74.27%
3	74.08%
4	65.35%
5	64.79%
6	63.84%
7	57.45%

- The 7 Geriatrics MGMA Specialty categorization physicians are **NOT** board certified.
- Everyone sees Medicare patients.
- FM and IM believe they should be additionally compensated for their Medicare panel with an increased CF.
- \$~650K annual effect that FM would get in additional pay if approved
- Where would the money come from?

Specialty	Bucket Ranges (Percentiles)							
	CF Benchmark	0 - 25	26 - 50	51 - 60	61 - 70	71 - 80	81 - 90	>90
Family Medicine	\$49.60	44.64	47.12	49.60	50.10	50.59	51.09	51.58
Geriatrics	\$65.06	58.55	61.81	65.06	65.71	66.36	67.01	67.66
Internal Medicine	\$52.34	47.11	49.72	52.34	52.86	53.39	53.91	54.43

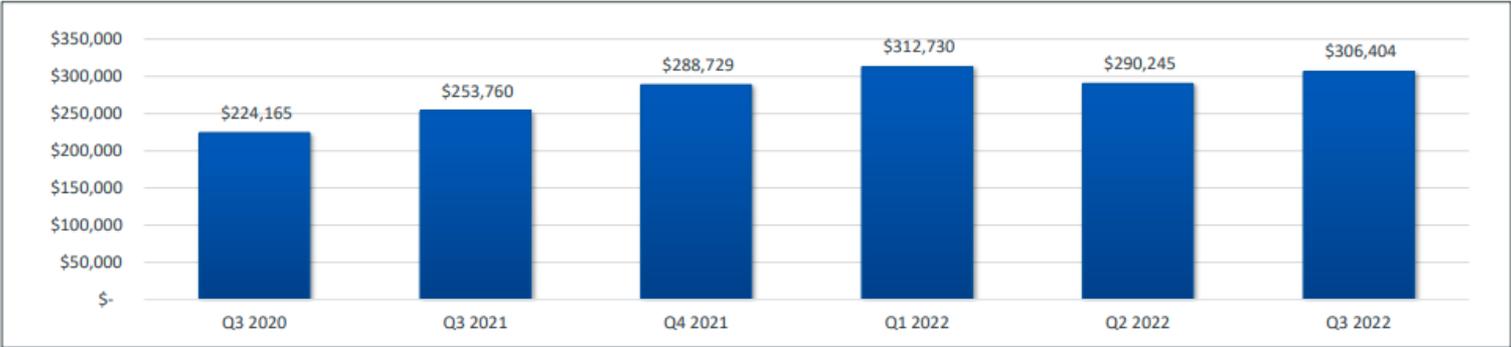
SUMMING IT UP



Can you afford the this?

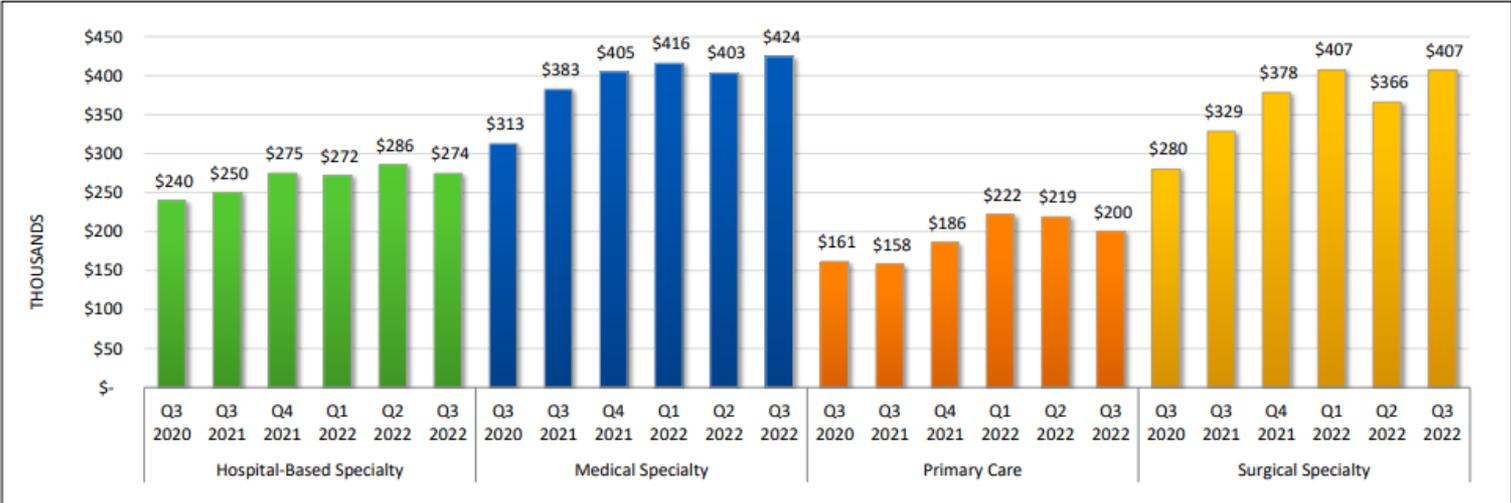


Median Subsidy (Loss) per Physician FTE



Kaufman Hall, Physician Flash Report (October 2022)

Median Subsidy (Loss) per Physician FTE by Specialty Cohort



Kaufman Hall, Physician Flash Report (October 2022)

Key Takeaways

- **Expenses for providers are outpacing revenues.** While revenue increased, expenses rose at a faster rate.
- **Volumes are up.** Volumes and provider productivity can't close the gap on the growing expenses. Going forward, simply increasing volume may not be the solution to the negative operating margins.
- **Investment/Subsidies continue to grow.** The gap between expenses and revenues translates to higher subsidies.
- **Benchmarks should not be sole guide.** Many believe that if not using survey results, that they aren't getting paid "market". A tailored approach can help create a more grounded, substantiable compensation model leading to less risk in the financial standing of the organization and quality of relationships with physicians.
- **Transparency builds trust.** All physicians need to understand how their group is being paid and how their personal performance affects payment. Share data!

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Paramount Healthcare Solutions is a healthcare consulting firm focused on guiding physicians and clinics to advance and improve their reimbursement strategies, workflow processes and provider compensation methodologies in the emerging value-based environment for optimal cash realization, patient experience and overall bottom line to the organization.

Addendum 1

E&M Codes

CPT	Description	2020 wRVU	2021 wRVU	Variance	% Increase
99201	Level I	0.48	NA	NA	NA
99202	Level II	0.93	0.93	0.00	0.0%
99203	Level III	1.42	1.60	0.18	12.7%
99204	Level IV	2.43	2.60	0.17	7.0%
99205	Level V	3.17	3.50	0.33	10.4%
99211	Level I	0.18	0.18	0.00	0.0%
99212	Level II	0.48	0.70	0.22	45.8%
99213	Level III	0.97	1.30	0.33	34.0%
99214	Level IV	1.50	1.92	0.42	28.0%
99215	Level V	2.11	2.80	0.69	32.7%

Addendum 2



Specialty Impact

Specialty	Impact	Specialty	Impact
Allergy/Immunology	9.0%	Neurology	6.0%
Anesthesiology	-8.0%	Neurosurgery	-7.0%
Audiologist	-7.0%	Nuclear Medicine	-8.0%
Cardiac Surgery	-9.0%	Nurse Anesthesiology	-11.0%
Cardiology	1.0%	Nurse Practitioner	8.0%
Chiropractor	-10.0%	Obstetrics/Gynecology	8.0%
Clinical Psychologist	0.0%	Ophthalmology	-6.0%
Clinical Social Worker	0.0%	Optometry	-5.0%
Colon and Rectal Surgery	-5.0%	Oral/Maxillofacial Surgery	-5.0%
Critical Care	-8.0%	Orthopedic Surgery	-5.0%
Dermatology	-2.0%	Other	-5.0%
Diagnostic Testing Facility	-6.0%	Otolaryngology	7.0%
Emergency Medicine	-6.0%	Pathology	-9.0%
Endocrinology	17.0%	Pediatrics	6.0%
Family Practice	13.0%	Physician Medicine	-3.0%
Gastroenterology	-5.0%	Physician/Occupational Therapy	-9.0%
General Practice	8.0%	Physician Assistant	8.0%
General Surgery	-7.0%	Plastic Surgery	-7.0%
Geriatrics	4.0%	Podiatry	-1.0%
Hand Surgery	-3.0%	Portable X-Ray Supplier	-6.0%
Hematology/Oncology	14.0%	Psychiatry	8.0%
Independent Laboratory	-5.0%	Pulmonary Disease	1.0%
Infectious Disease	-4.0%	Radiation Oncology	-6.0%
Internal Medicine	4.0%	Radiology	-11.0%
Interventional Pain Mgmt	7.0%	Rheumatology	16.0%
Interventional Radiology	-9.0%	Thoracic Surgery	-8.0%
Multispecialty Clinic/Other Phys	-4.0%	Urology	8.0%
Nephrology	6.0%	Vascular Surgery	-7.0%