

# 8 CONSIDERATIONS in Moving Employed Physicians from Volume- to VALUE-BASED COMPENSATION

## 1 Physician leaders must champion the cause.

It is certain that your value-based incentive program will fail without physician support. You need key leaders on board early to help build communication, trust, and transparency. These champions should understand and be able to engage physicians in behavior changes, support critical infrastructure investments, and safeguard the viability of the organization.



## 2 Measure the right things.

Complex design, lack of clear and actionable measures, and poor goal alignment can lead to failed efforts. Step back and deliberately consider the goals of your value-based compensation program. Link physician incentives to organizational strategy. Make sure high individual and team performance are rewarded. The best plans complement quality outcomes goals with financial, access, and patient satisfaction metrics.



## 3 Physicians are motivated by more than money.

The people who earn the most in almost any field are the ones who do the best work. Money is the result, but the work itself is the purpose. Most physicians are committed to serving their patients' best interests and providing high quality care. Data that compares physician performance against peers can be very motivating.



## 4 Pay-for-value isn't just another compensation increase.

Physicians will need to see the opportunities if your compensation plan is to achieve its strategic goals. Earning more in a pay-for-value model may be possible, but in exchange for the opportunity, a properly designed value-based compensation model means sharing risk for quality-based outcomes.



Plan development and review with a qualified physician compensation specialist can help keep your system out of the news.

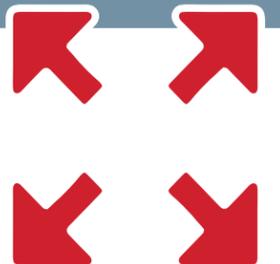
## 5 Balance productivity and value-based measures.

Fee-for-service isn't dead yet, and most physician pay is still rightfully tied to productivity. However, as market forces drive toward value-based reimbursement, you will need to continually balance individual productivity measures with quality objectives.



## 6 There is no one-size-fits-all solution.

You can't expect every physician compensation plan to have the same mix of productivity and quality metrics—many plans will vary. One of the best ways to ensure a fair and equitable plan is to seek input from both primary care physicians and specialists. If your plan doesn't account for practice and patient differences, you can expect unhappy participants.



## 7 Be intentional with the pace of change.

Remember that change is difficult for most people, including physicians. Move too fast or without proper communication and you can quickly create dissatisfaction. Move too slowly and you may lose market position as competitors attract payers and top talent. You can manage pace of change by staging your implementation by specialty, newly acquired practices, or newly employed physicians.



## 8 Monitor and modify the plan as necessary.

You probably won't achieve perfection in the beginning, but don't let that stop the transition. There are many ways to refine the plan. Physician forums are good for direct feedback. A cross-functional compensation committee can provide oversight and input. And benchmarking your plan against peer data provides valuable insight. Over time your data will improve, market conditions will change, and behaviors will adapt.



### ABOUT THE AUTHORS

and are partners in the Healthcare practice group at HORNE LLP and nationally recognized authorities on income distribution plans for physician group practices, hospital/physician employment and other compensation arrangements, and the valuation of healthcare practices and facilities.