



Life Lessons: Building an Efficient Medical Staff Engine Serving 12 Diverse Hospitals

AMGA 2013 Annual Conference

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11:00 am – 12:15 pm

Introduction



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Road Map for the Discussion

- Survey Highlights**
- Key Findings and Strategic Recommendations**
- Strategies in Action: BJC Medical Group Case Study**
- Close**
 - Discussion
 - Take Home Messages and Tools

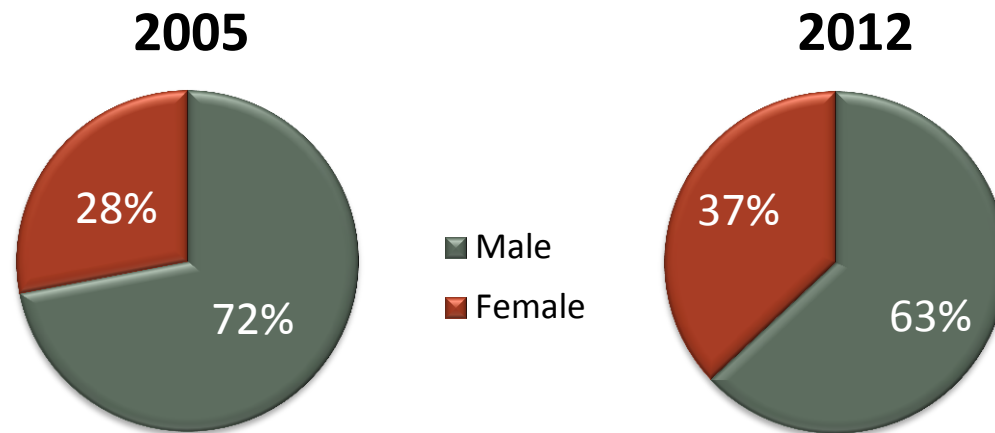
SURVEY HIGHLIGHTS

Responding Groups are Getting Bigger

| | 2005 | 2012 | +/- |
|-------------------------------------|--------|--------|------|
| Number of reporting groups | 95 | 80 | -16% |
| Total number of physicians employed | 13,893 | 19,596 | +41% |
| Average group size | 146 | 245 | +60% |

Source: 2012 Cejka Search and AMGA Physician Retention Survey

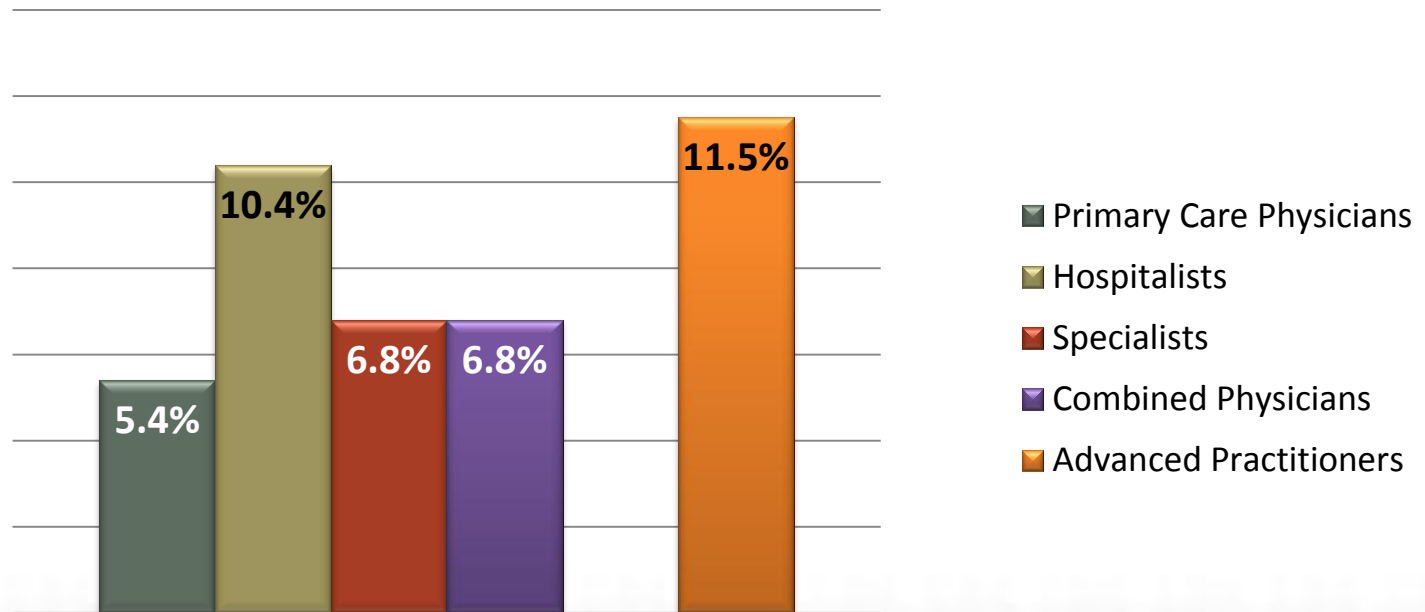
Female Physicians Drive Growth



| | 2005 | 2012 | % Increase |
|-------------------------------------|--------|--------|------------|
| Total number of physicians employed | 13,893 | 19,596 | +41% |
| Male physicians | 10,003 | 12,359 | +24% |
| Female physicians | 3,890 | 7,237 | +86% |

Source: 2012 Cejka Search and AMGA Physician Retention Survey

2012 Average Turnover



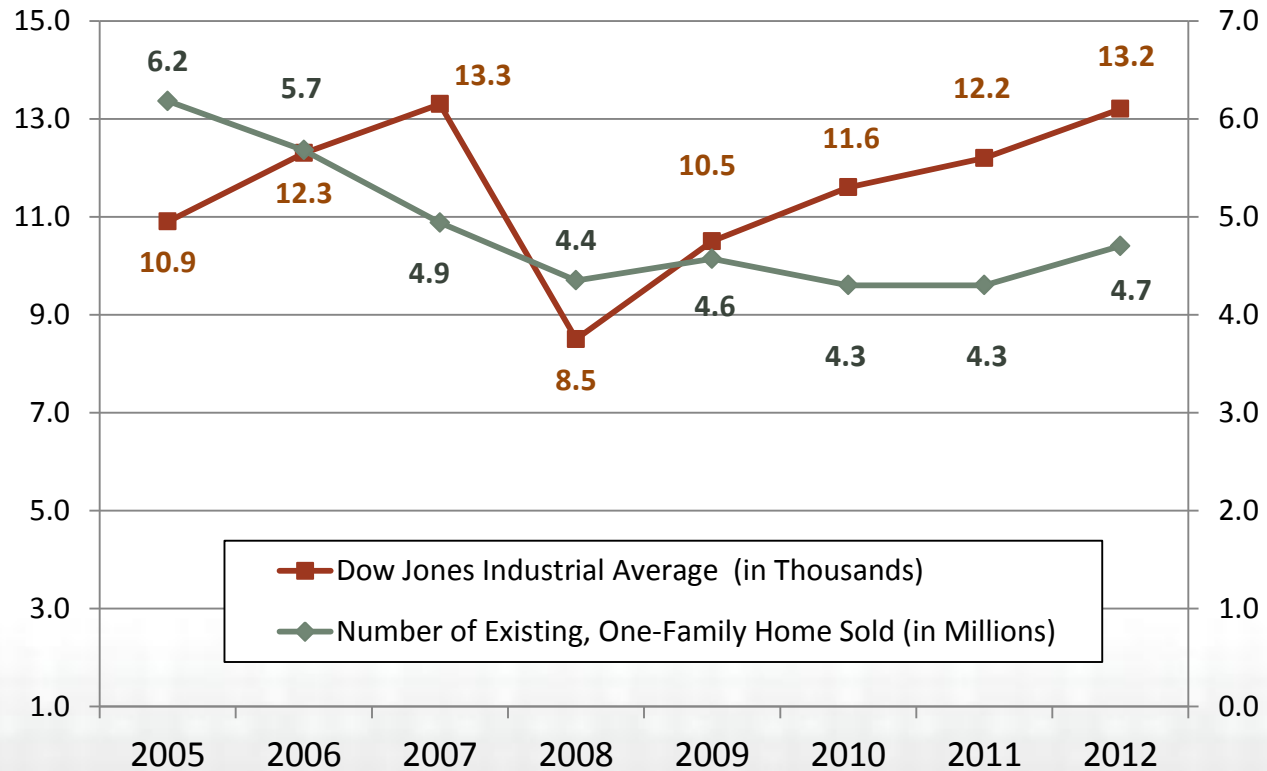
Source: 2012 Cejka Search and AMGA Physician Retention Survey

Physician Turnover Rate Over Time



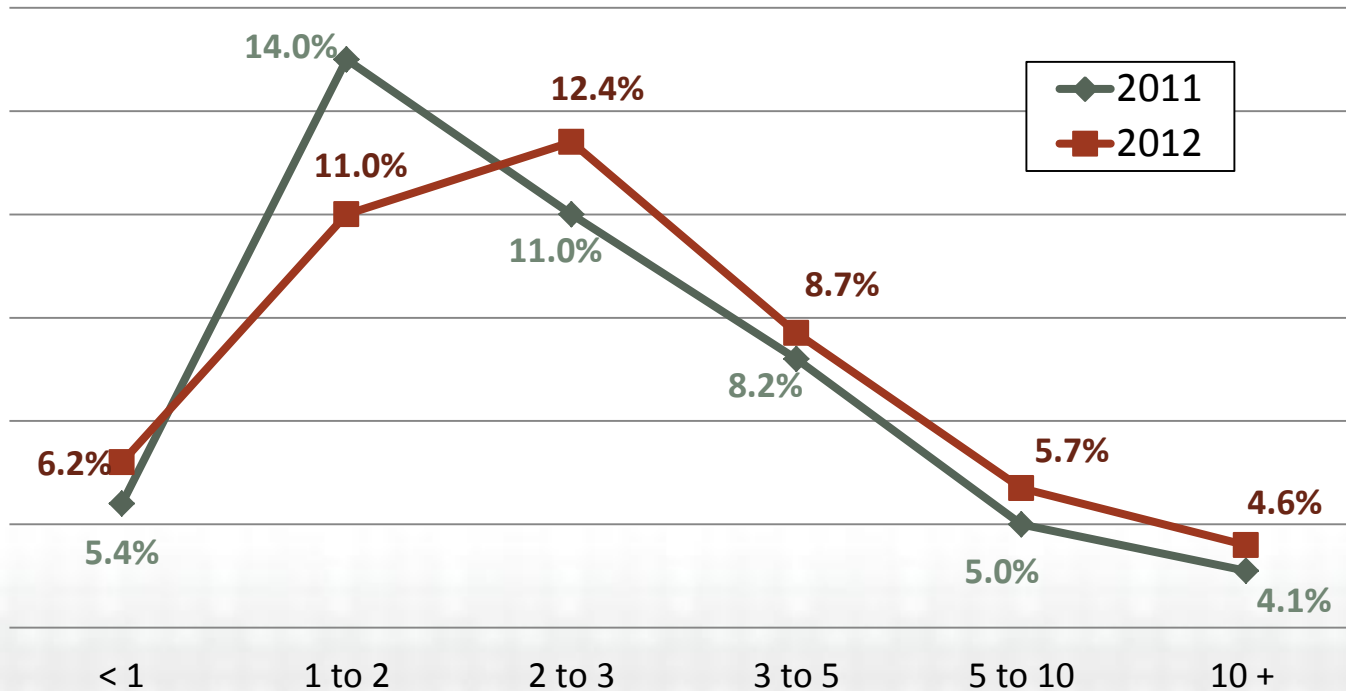
Source: 2012 Cejka Search and AMGA Physician Retention Survey

Turnover Tied to Recovery



Early Years are [Still] Critical

Turnover Rate by Years of Service



Source: 2012 Cejka Search and AMGA Physician Retention Survey

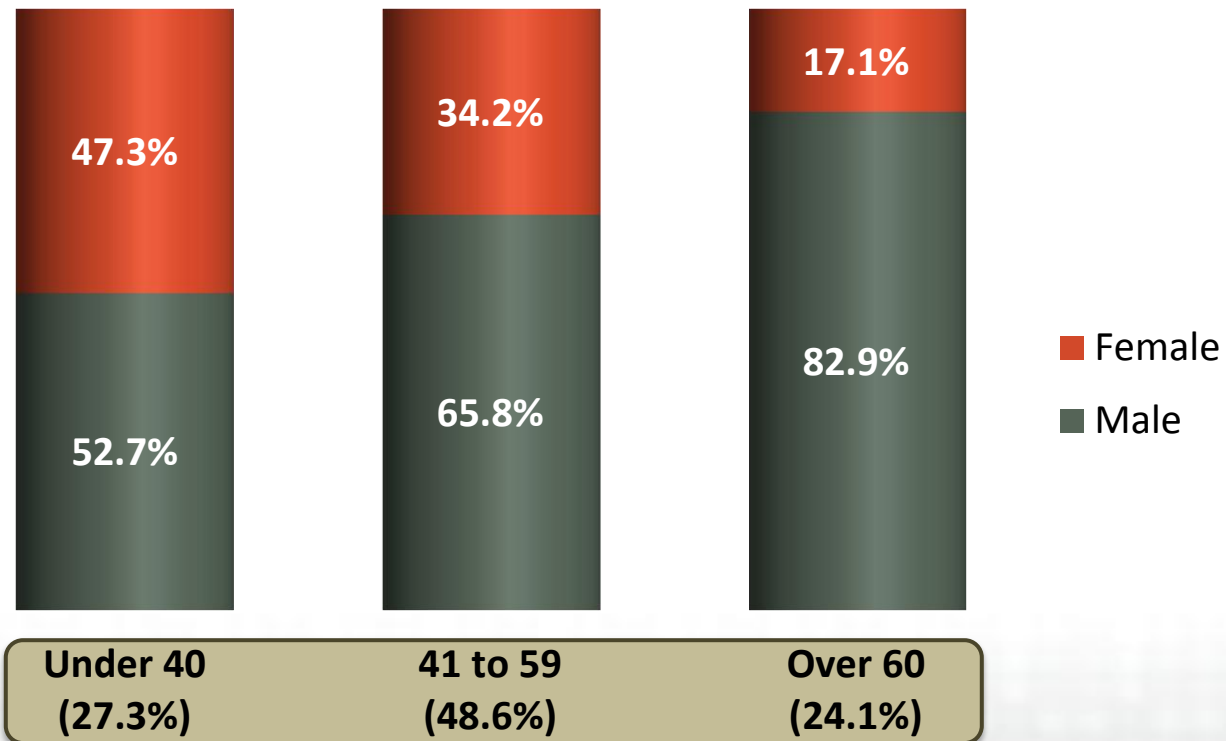


KEY FINDINGS & RECOMMENDATIONS



1 . Competition to hire and keep top performers will intensify

Physician Demographics Today



Source: American Medical Association Masterfile, October 19, 2012

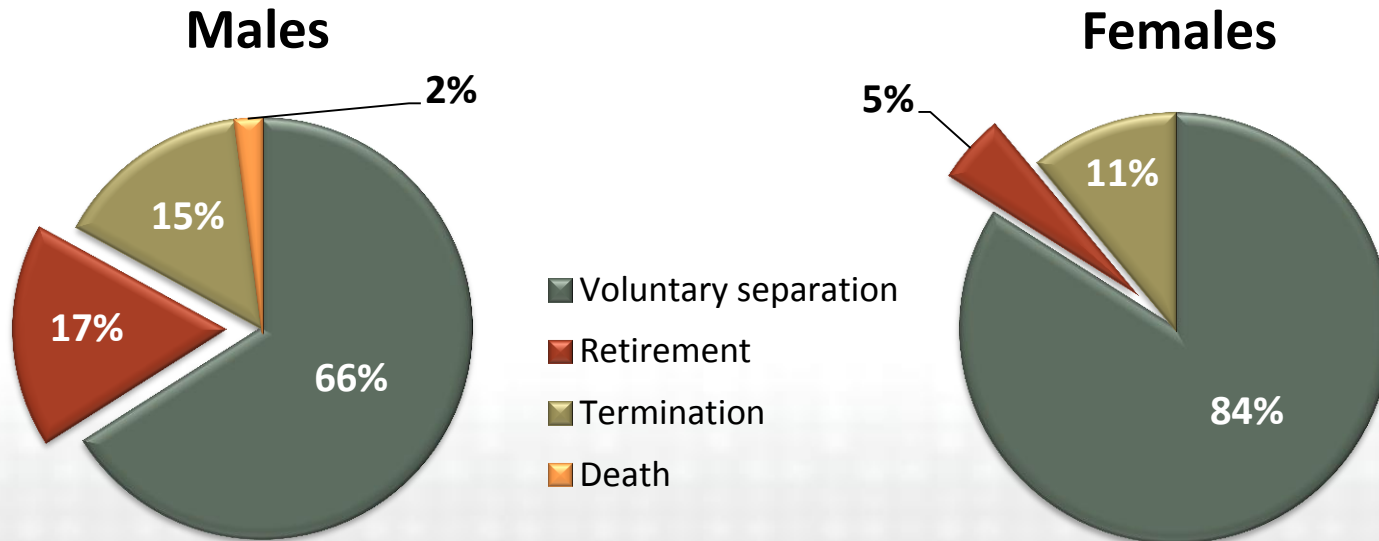
Retirement Will Accelerate

Compared with the prior year, do you expect the percentage of your physician workforce who retire in the upcoming 12 months to:

| | 2010 | 2011 | 2012 |
|------------------------|------|------|------|
| Increase significantly | 0% | 3% | 3% |
| Increase slightly | 27% | 27% | 34% |
| Stay the same | 65% | 62% | 55% |
| Decrease slightly | 5% | 5% | 7% |
| Decrease significantly | 3% | 3% | 1% |

Retirement Will Accelerate

| | Total | Males | Females |
|----------------|-------|-------|---------|
| Turnover Rate: | 6.8% | 6.9% | 6.7% |



Source: 2012 Cejka Search and AMGA Physician Retention Survey

Demand is Growing: Physicians

Compared with the prior year, please indicate your plans as it relates to staffing in the next 12 months:

| | Primary Care | | | Specialists | | | Hospitalists |
|-------------------------|--------------|------|------|-------------|------|------|--------------|
| | 2010 | 2011 | 2012 | 2010 | 2011 | 2012 | 2012 |
| Hire significantly more | 9% | 9% | 22% | 9% | 1% | 6% | 8% |
| Hire more | 74% | 65% | 55% | 74% | 73% | 64% | 46% |
| Maintain the same | 17% | 26% | 23% | 17% | 22% | 30% | 46% |
| Reduce | 0% | 0% | 0% | 0% | 4% | 0% | 0% |

Demand is Growing: Advanced Practitioners

Compared with the prior year, please indicate your plans as it relates to staffing in the next 12 months:

| | Physician Assistants | | Nurse Practitioners | |
|-------------------------|----------------------|------|---------------------|------|
| | 2011 | 2012 | 2011 | 2012 |
| Hire significantly more | 6% | 5% | 6% | 7% |
| Hire more | 42% | 58% | 43% | 63% |
| Maintain the same | 52% | 37% | 49% | 30% |
| Reduce | 0% | 0% | 2% | 0% |

Evolution of Care Teams

2009



- Groups describe **Hospitalist Programs** as “key to retention” of early, mid and late-career physicians

2010



- Two-thirds of groups say that **implementing a Medical Home** will increase their competitive edge in recruiting **Primary Care** physicians

2011



- Three-quarters of groups say that **Advanced Practitioners** will be more involved in their practice in the next five years

2012



- Three-quarters of groups offer an out-patient only model to **Primary Care** physicians

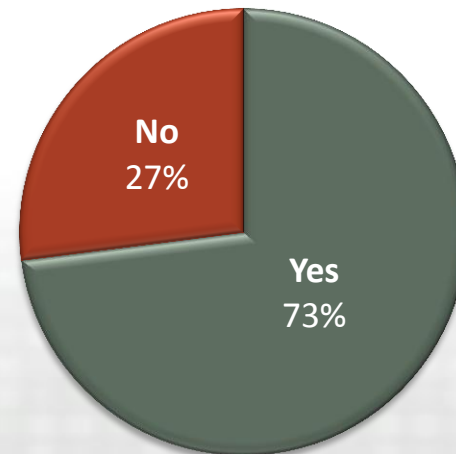
....But Hospitalist and Advanced Practitioner Turnover is High

| | Total | Primary Care | Hospitalists | Specialists | Advanced Practitioner |
|---|-------------|--------------|--------------|-------------|-----------------------|
| Turnover Rate: | 6.8% | 5.4% | 10.4% | 6.8% | 11.5% |
| <i>Distribution of Turnover within Group:</i> | | | | | |
| Voluntary Separation | 74% | 74% | 94% | 72% | 84% |
| Retirement | 12% | 12% | 1% | 14% | 2% |
| Termination | 12% | 12% | 4% | 13% | 14% |
| Death | 2% | 2% | 1% | 1% | 0% |

...and Physicians / Advanced Practitioner Recruitment is Fragmented

| Responsible for Recruiting: | Department Chair or Director | Physician Recruitment Office | Administration or Human Resources |
|-----------------------------|------------------------------|------------------------------|-----------------------------------|
| Physicians | 16% | 66% | 18% |
| Advanced Practitioners | 8% | 46% | 46% |

Should responsibility for recruiting Advanced Practitioners be centralized with physician recruiting?





1. Competition to Hire and Keep Top Performers will Intensify

Recommendations:

- ✓ Project and plan for retirement, turnover and growth
- ✓ Benchmark your recruitment metrics and measure your costs
- ✓ Build your care team with a cohesive recruitment and retention strategy



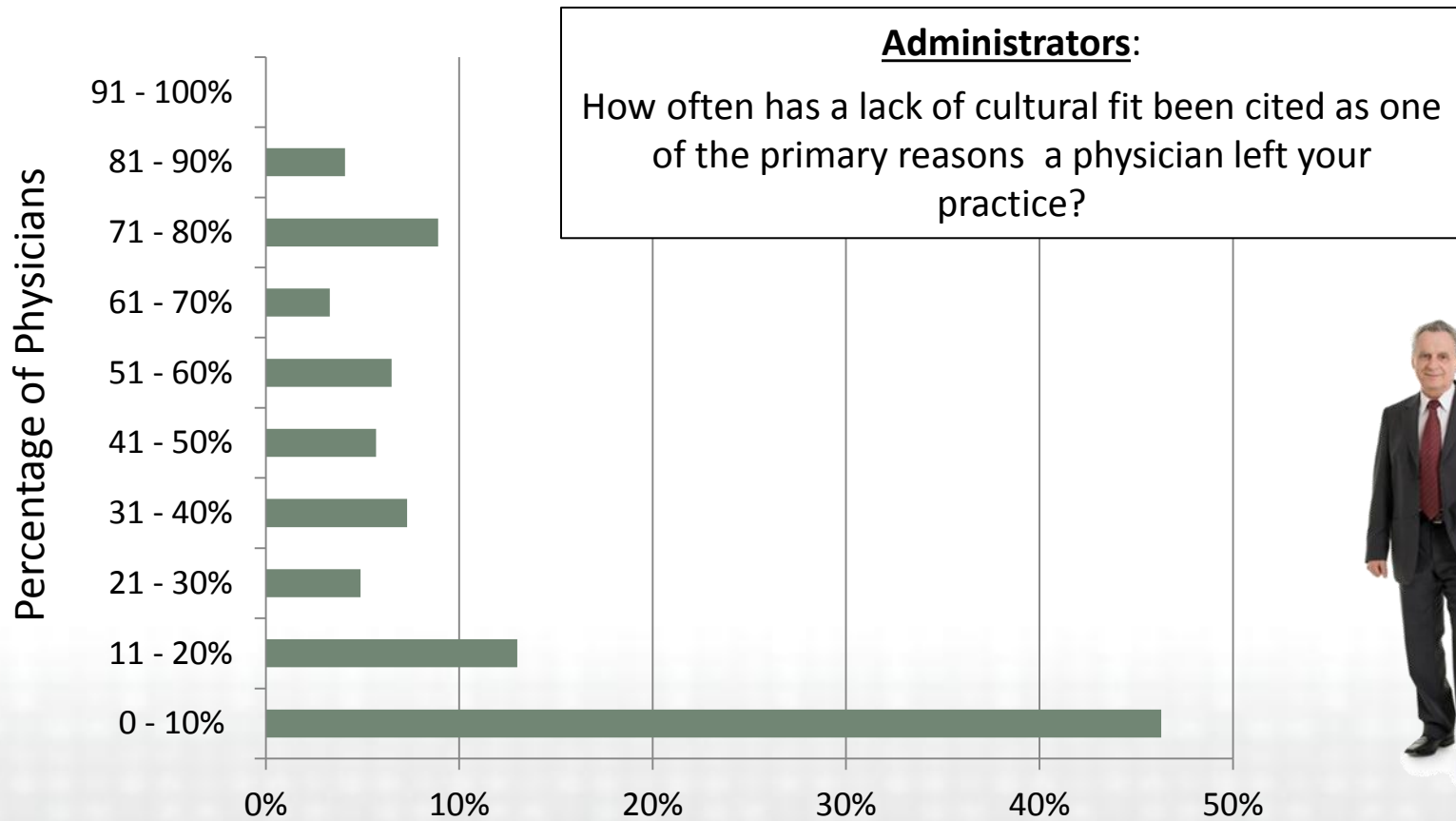
2 • **Culture is the top controllable cause of turnover**

Culture is the Top Controllable Factor Driving Turnover

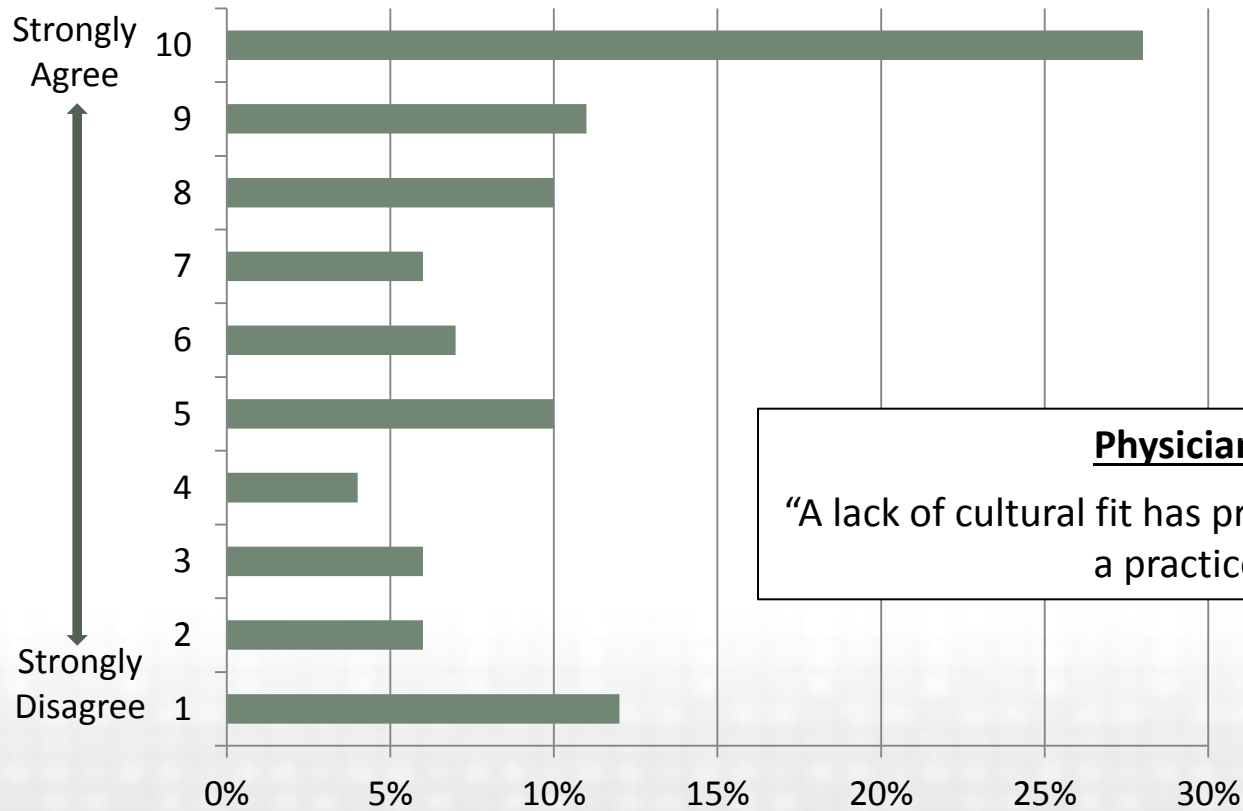
| | Reasons for voluntary separation (1 = most common) | Mean Rating |
|-----|--|-------------|
| 1 | Relocation for family reasons | 3.56 |
| 2 | Family responsibilities | 4.41 |
| ★ 3 | Lack of cultural fit | 4.84 |
| 4 | More flexible work hours | 4.98 |
| 5 | Seeking greater compensation | 5.10 |
| 6 | Better call schedule | 6.15 |
| 7 | Practice ownership structure does not meet needs | 6.18 |
| 8 | Limited professional opportunity | 6.23 |
| 9 | Leaving the practice of medicine | 6.28 |
| 10 | Unappealing community for self/family | 7.28 |

Source: 2012 Culture Survey; Cejka Search and Physician Wellness Services

Impact of Lack of Cultural Fit on Turnover



Impact of Lack of Cultural Fit on Turnover



Physicians:

“A lack of cultural fit has prompted me to leave a practice.”

Disconnect!

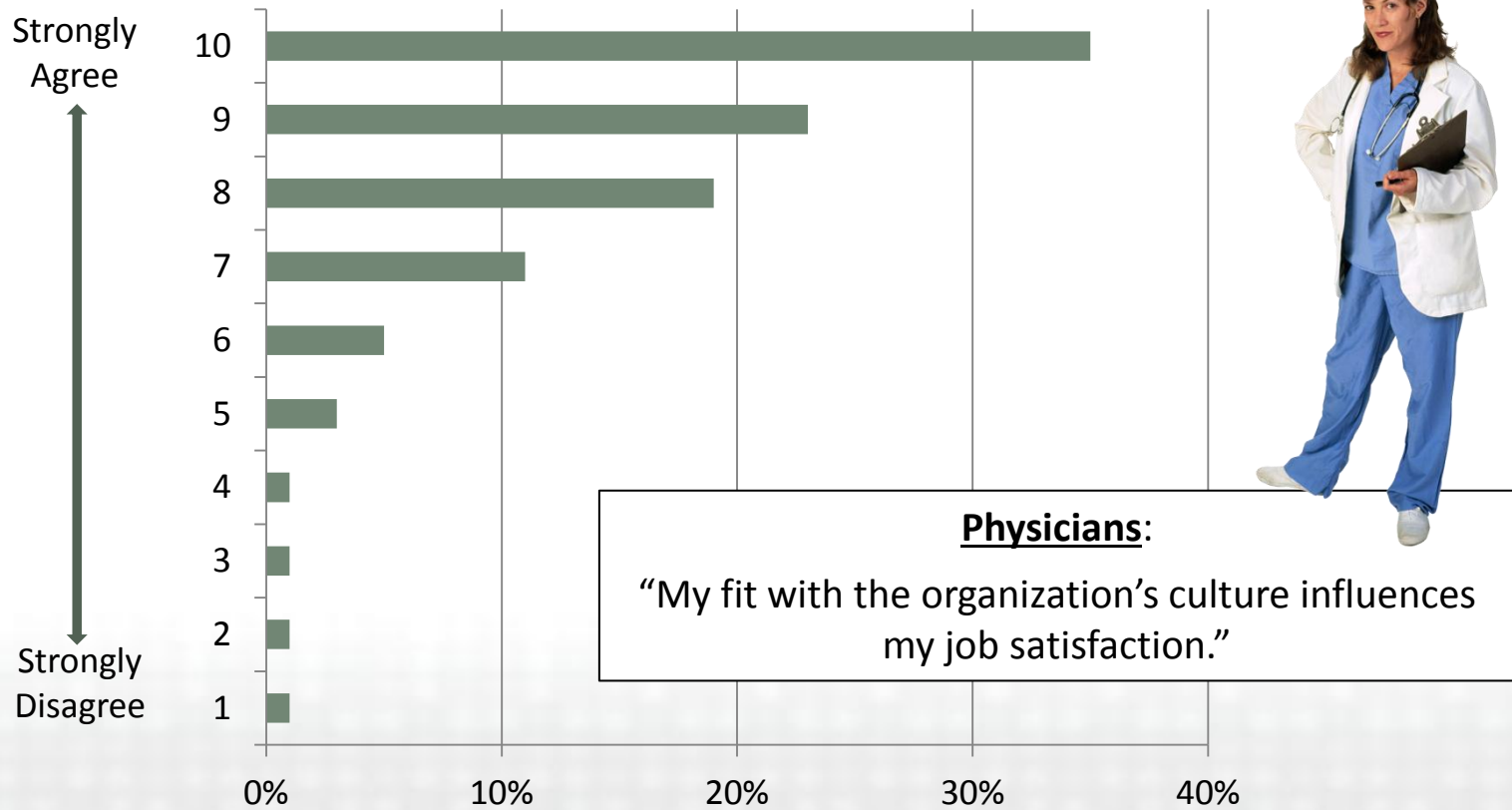
“Physicians rarely leave due to a lack of cultural fit.”



“I left because of a lack of cultural fit”



Cultural Fit Influences Job Satisfaction



Poor Cultural Fit: A Difficult Challenge



“Our biggest challenge is bringing so many divergent groups together to develop a new culture that makes them feel more aligned and more like one big group even though we are in so many different locations.”

“Challenges are culture and behavior related. We desire a single culture.”

“It is often difficult for organizations to really define the working culture vs. what culture they are trying to achieve.”



Strong Cultural Fit: Worth the Investment

“I just switched organizations for all the reasons your survey is focusing on. The new ‘culture’ is much more in alignment with my beliefs and personal values.”



“Cultural fit and administrative awareness and prioritization of this would go 90% of the way to job satisfaction.”

“My organization’s cultural attributes are what has encouraged me to put off my retirement. It is a pleasure for me to work here.”



2. Culture is the Top Controllable Reason for Turnover

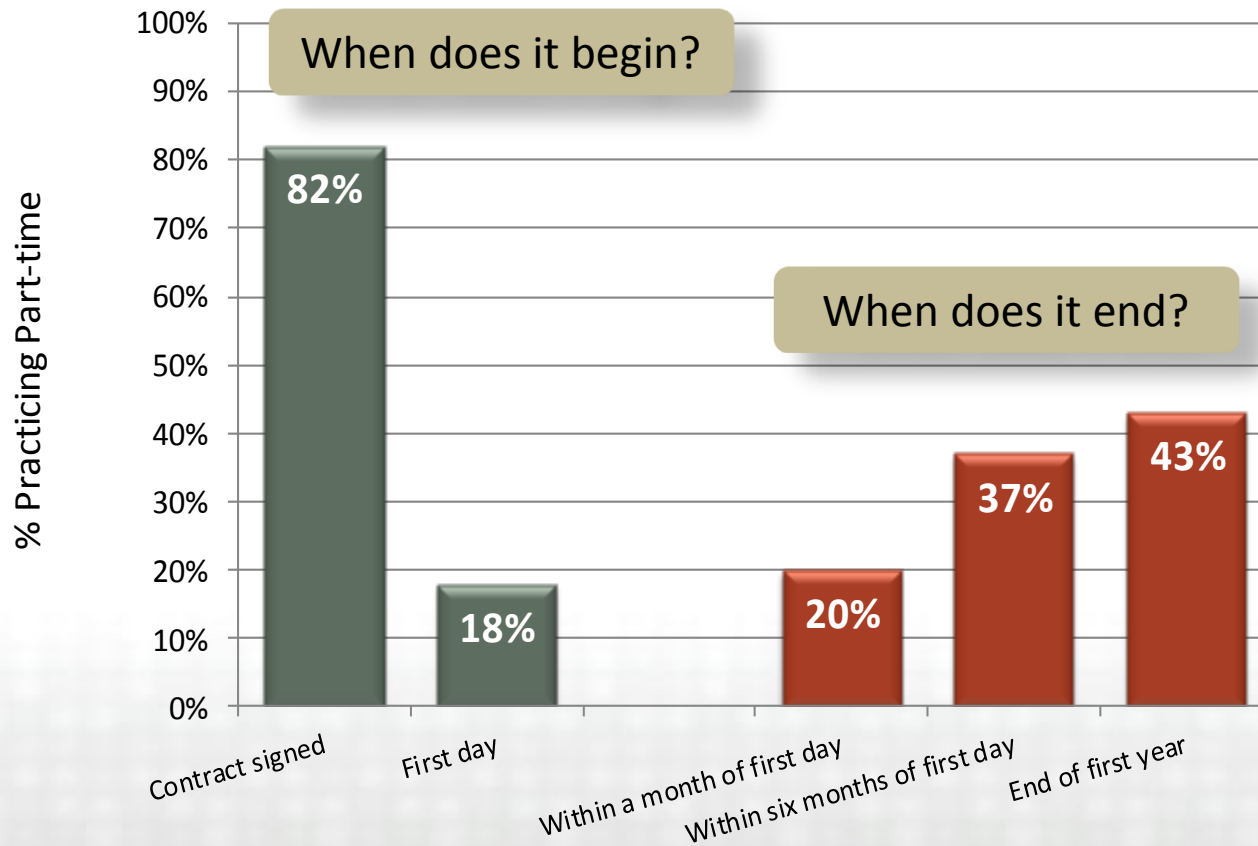
Recommendations:

- ✓ Determine what your organizational culture is – and could be
- ✓ Recruit for cultural fit
- ✓ Improve retention with enculturation



3. Critical Success Factor: Onboarding

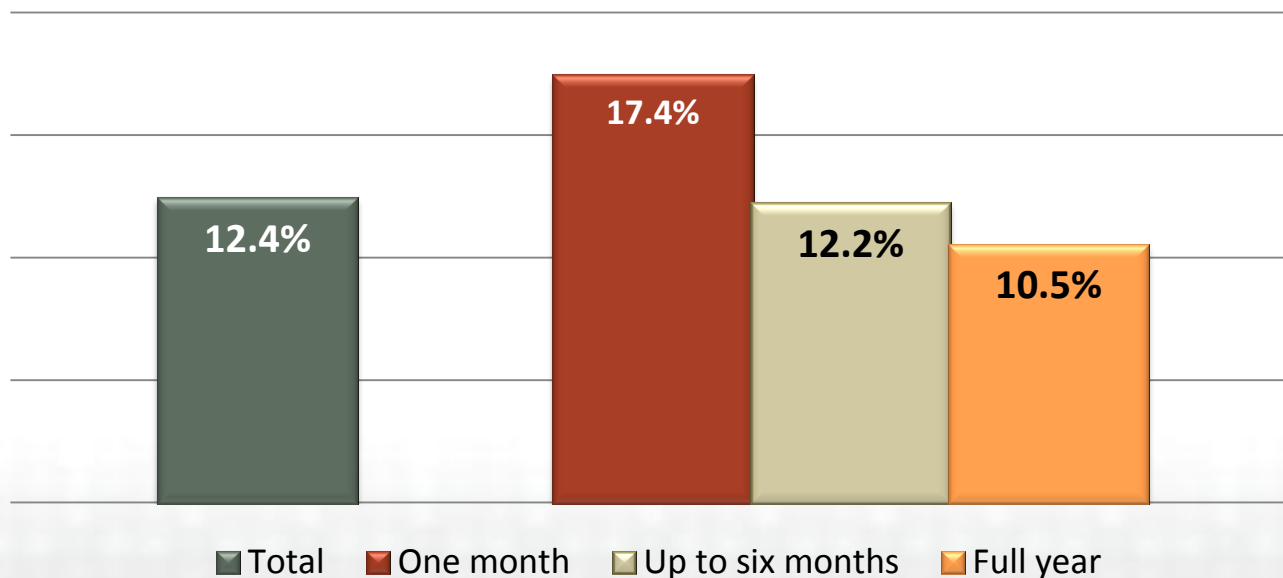
Duration of Onboarding



Source: 2012 Cejka Search and AMGA Physician Retention Survey

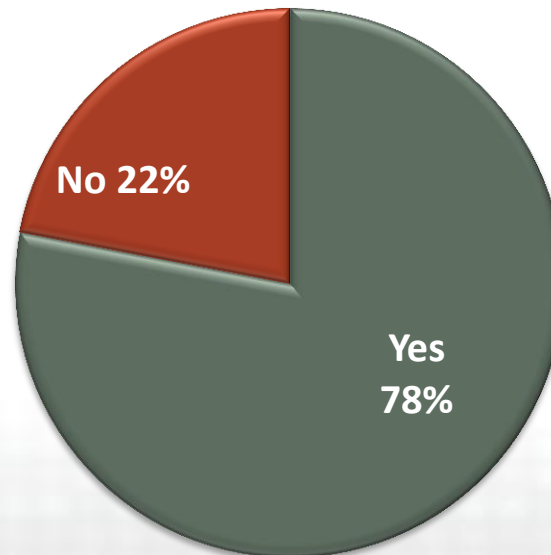
Extended Onboarding Period Lowers Turnover in Early Years

Turnover During Years 2-3

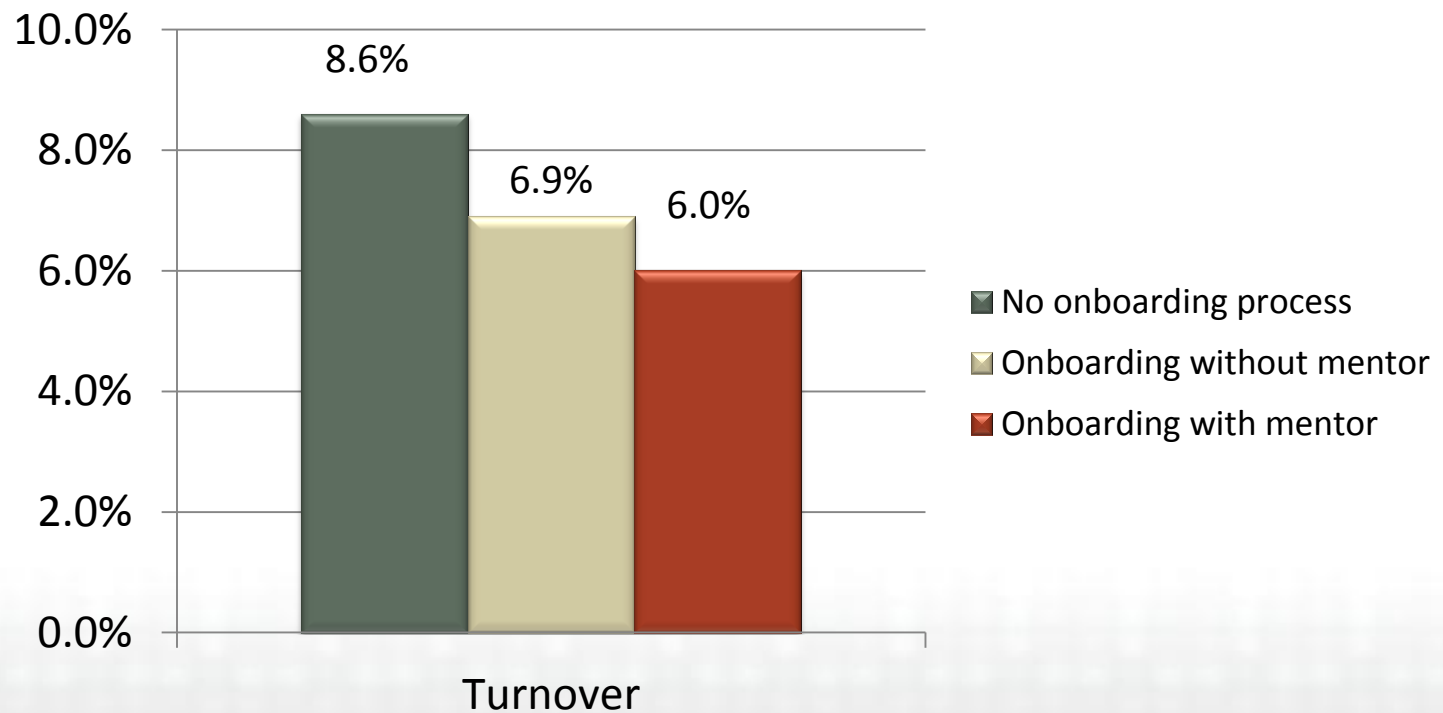


Mentor Assignment during Onboarding

Do you assign a mentor to physicians in your onboarding process?



Assigning a Mentor Lowers Overall Turnover



Source: 2012 Cejka Search and AMGA Physician Retention Survey



3. Critical Success Factor: Onboarding

Recommendations:

- ✓ Establish a formal onboarding program
- ✓ Extend onboarding cycle to one year
- ✓ Assign a formal mentor

STRATEGIES IN ACTION

***Lessons: Building an Efficient Medical Staff Engine
Serving 12 Diverse Hospitals***



BJC HealthCare Hospitals

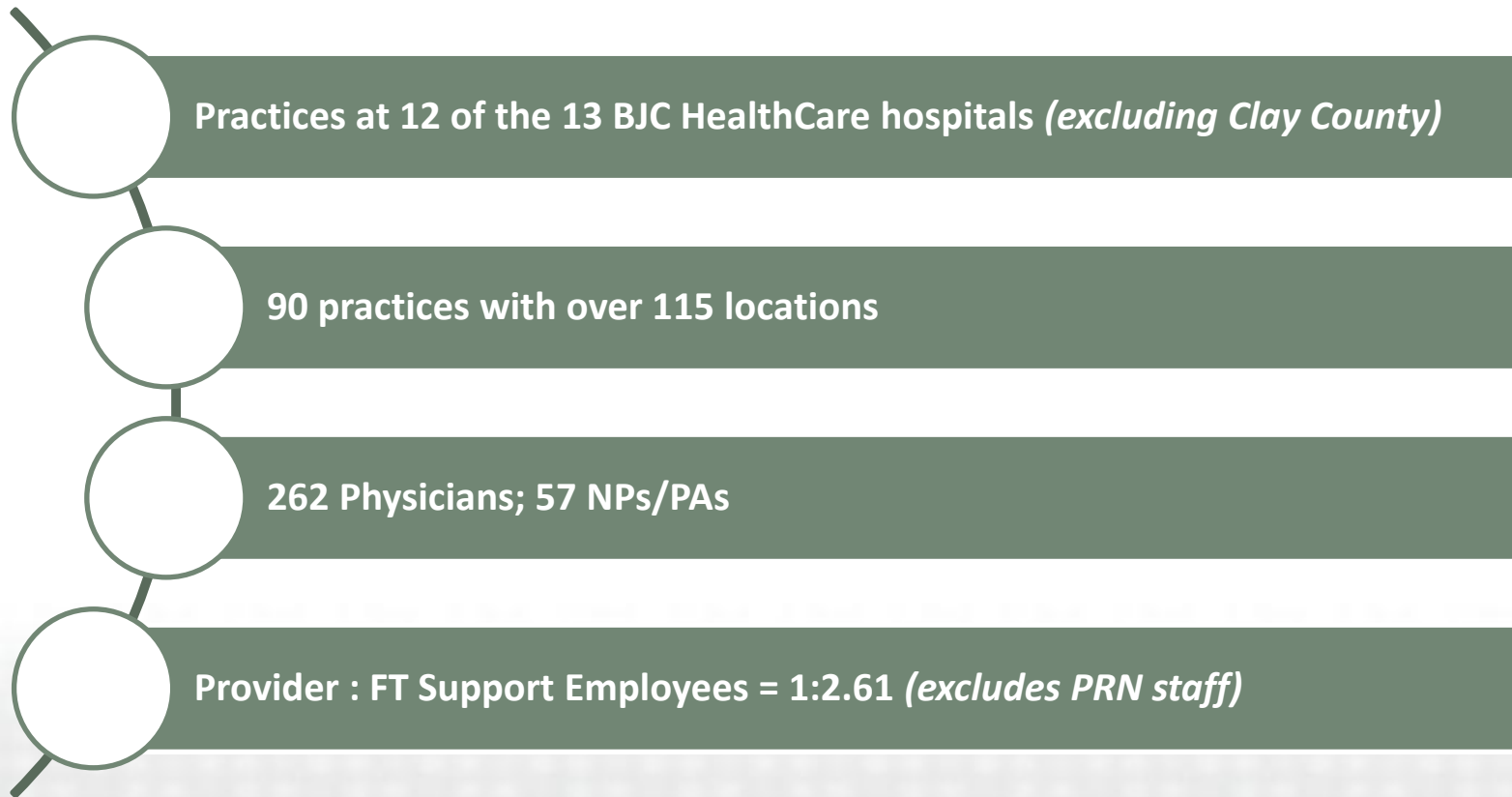


1. Alton Memorial Hospital
2. Barnes-Jewish Hospital
3. Barnes-Jewish St. Peters Hospital
4. Barnes-Jewish West County Hospital
5. Boone Hospital Center
6. Christian Hospital
7. Clay County Hospital
8. Missouri Baptist Medical Center
9. Missouri Baptist Sullivan Hospital
10. Parkland Health Center
11. Progress West HealthCare Center
12. St. Louis Children's Hospital
(The Rehabilitation Institute of St. Louis)

BJC HealthCare By the Numbers

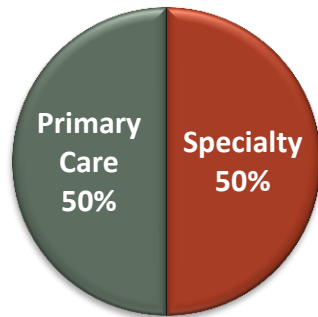
- Staffed beds: 3,475
- Net revenues: \$3.6 Billion
- Inpatient admissions: 150,460
- Outpatient surgery visits: 61,459
- Emergency Department visits: 461,182
- Employees: 27,000
- Medical staff:
 - 1,200 Faculty physicians
 - 262 Employed physicians through BJC Medical Group

BJC Medical Group -- By The Numbers

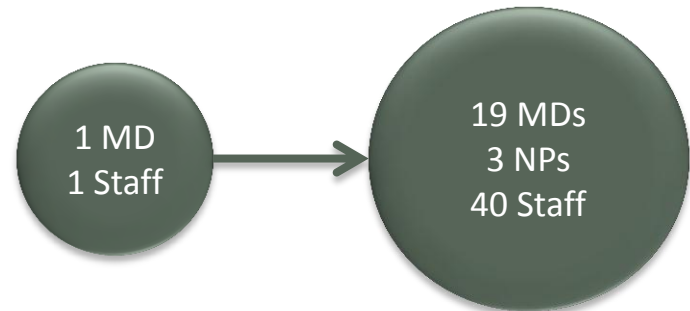


What Comprises BJC

Practice Composition



Practice Size



Specialties Include:

- Gastroenterology
- Rheumatology
- Medical Oncology
- Radiation Oncology
- Endocrinology
- Obstetrics/Gynecology
- Pediatrics
- Infectious Disease
- Pulmonary Medicine
- Psychiatry
- Allergy
- Vascular Surgery
- Colorectal Surgery
- Cardiology
- Orthopedic Surgery
- General Surgery
- Neurology

Hospitalist Programs:

- Alton Memorial Hospital
- Parkland Health Center
- Christian Hospital
- Missouri Baptist Medical Center

Challenges To Growth

Adding physicians to the employed portfolio.

Voiced Frustrations:

- “The compensation model needs to be changed”
- “The hospitals are competing against one another for recruits”
- “Difficult to recruit positions are ignored by BJCMG recruiters in favor of working on ‘easy’ ones”
- “Because the comp model is based on collections, poor payer markets don’t stand a chance”
- “The model works for me”

Solution to Challenges

1. Revise the Physician Compensation Model

2. Redesign the Physician Recruitment Function

Revise the Physician Compensation Model

“Old” Compensation Model*

Break-even approach to emulate private practice

- Physician specific revenue (cash) minus:
 - A share of practice expenses allocated to physician based on standard methodology
 - Physician direct expenses (malpractice, benefits, billing fee)

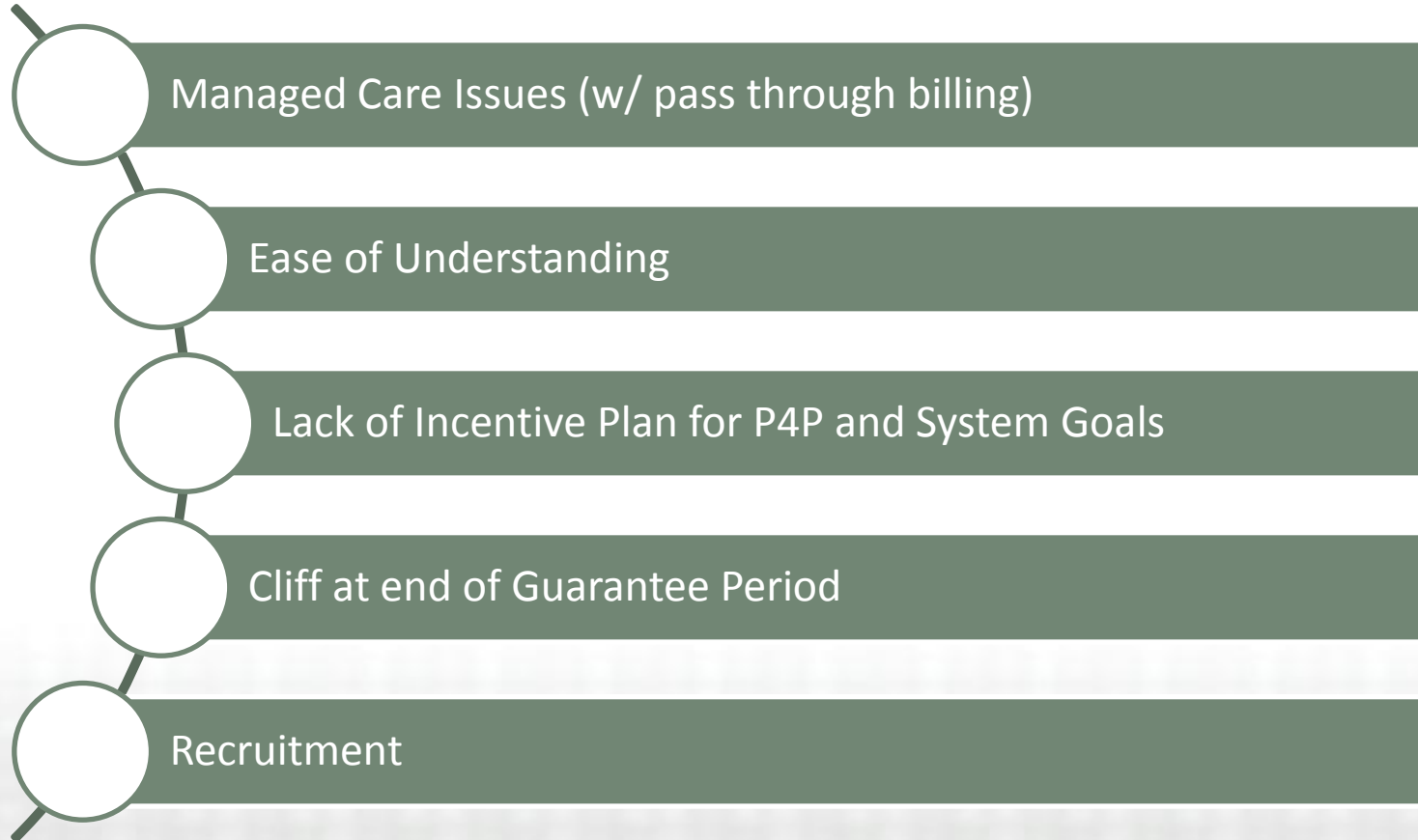
Physician gets credit for NP revenue and charged with NP salary/benefits

Comp is adjusted quarterly

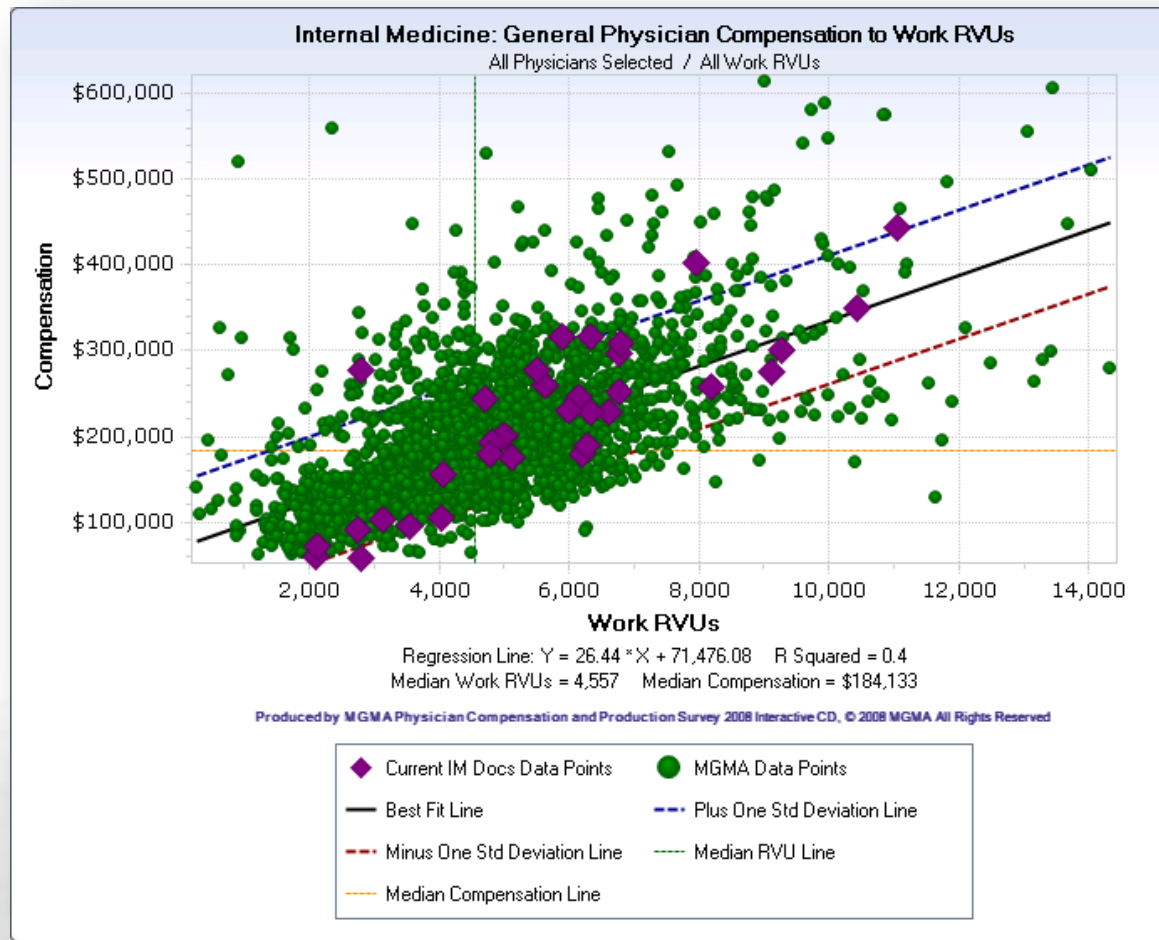
- Net Professional Revenue (NPR) X payout %
- Payout % is based on the expense ratio (operating expense as % of NPR)

Quarterly adjustments ignore changes in ancillary revenue & expense

Challenges with “Old” Model:



Comparative Compensation Under “Old” Model



“New” Compensation Model “Musts”

- Ease of Understanding
- Meet all Legal Tests—IRS, Stark, etc.
- Include Incentive Package for System Goals
- Provide Market Competitive Compensation for PCPs and Specialists
- Create No “Losers” or Major Windfalls in the Transition Year
- Is Budget Neutral, Except for Addition of Incentive Plan

Physician Compensation Advisory Committee Charter



- Comprised of Administrative and Physician Leaders
- Provide feedback on the development of the physician compensation model to be used by BJCMG
- Make recommendation of new method of compensation to BJCMG Advisory Board
- BJCMG Advisory Board will make recommendation to BJC Senior Leadership

Physician Compensation Advisory Committee Ground Rules

- Information about physician salaries will be shared in a blind format
- Salary information must be kept confidential
- Focus will be on compensation method
- Pay rate negotiation is not part of this discussion
- Parking lot used for side issues

“New” Compensation Model*

Initial salary guarantee (1-2 years) for new physician or to bridge private practice physician acquisitions

Following guarantee, base salary is paid on actual physician production (wRVUs) multiplied by a market-based conversion factor – compensation is “payor neutral”

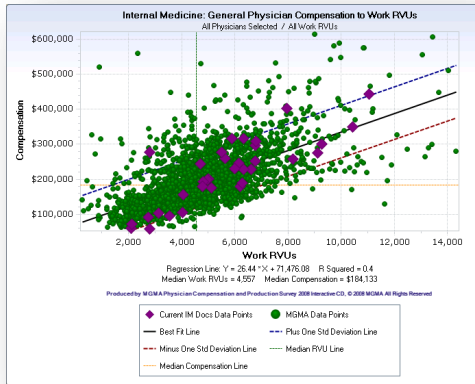
Incentive program (up to 15% of base) accessed by getting through two “gates”:

- The practice must be at targeted level of expense management
- The physician must be using the Electronic Health Record technology at least to the level as determined by a peer group of physicians each year

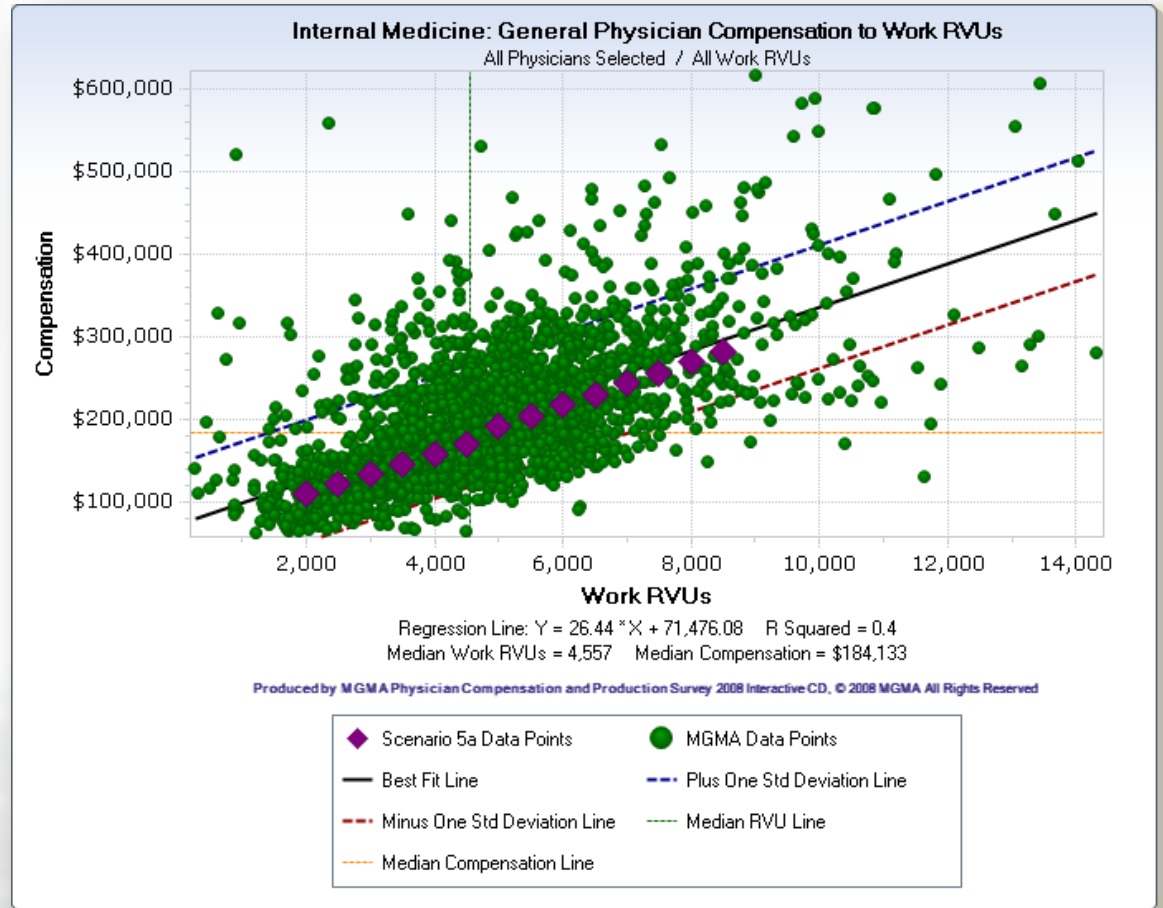
Elements of performance (up to 5% of base compensation each):

- Patient Satisfaction
- Access and Volume
- Best in Class scorecard performance

Comparative Compensation Under "New" Model



Before



After

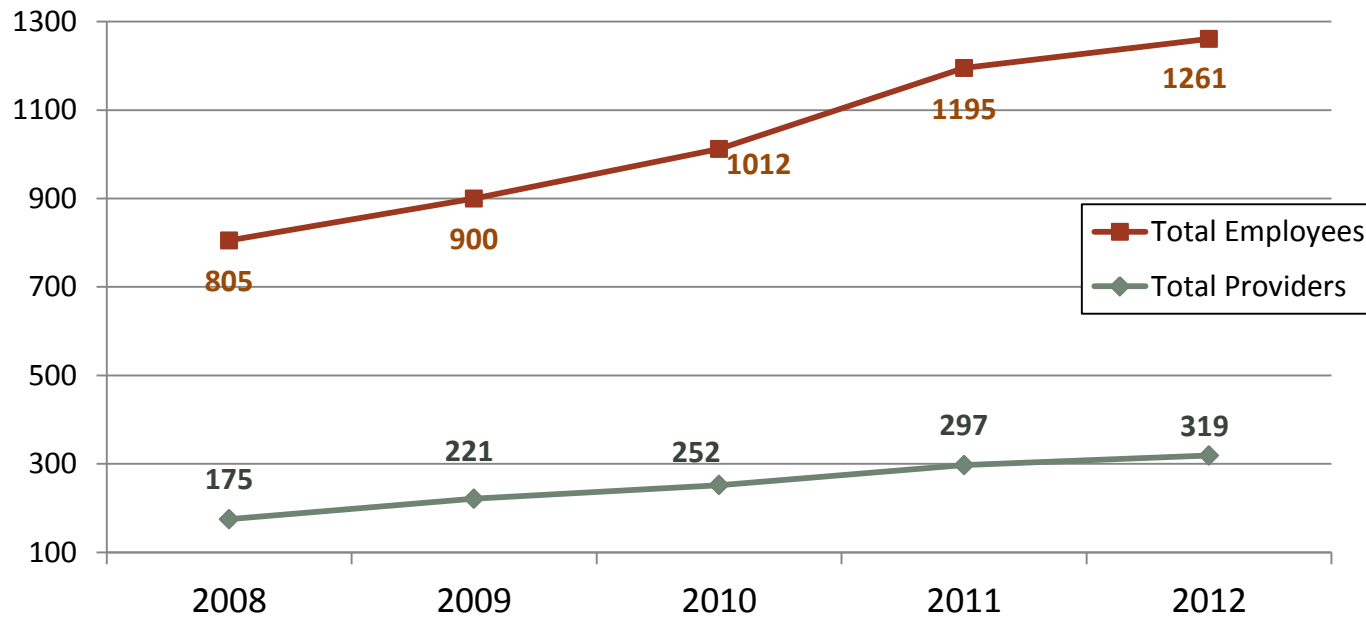
Redesign the Physician Recruitment Function

Physician Recruitment Redesign Activities

- Conducted stakeholder analysis with key executives and physicians to validate that “we have a problem” and agree to develop a Physician Recruitment Advisory Committee that is tasked to evaluate necessary changes
- Facilitated Decision Analysis with committee that led to a go forward plan that included:
 - Outsource candidate sourcing activities to Cejka Search
 - Repurpose 2 BJC FTEs to serve as connectors between BJC hospitals, Cejka Search and candidates
- Conduct regular Physician Recruitment Advisory Committee meetings with representatives from all facilities with the purpose of being transparent about all recruitment activities

Our Results

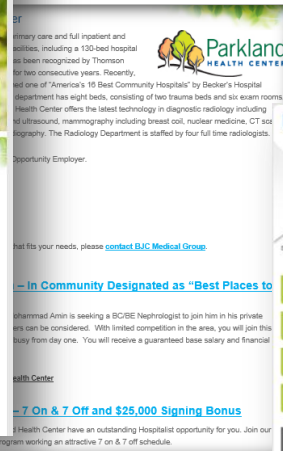
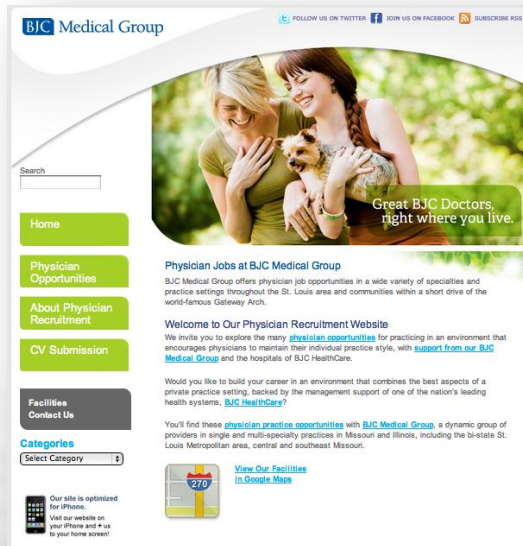
Growth Results



| Provider Additions (<i>above turnover</i>) | 2009 | 2010 | 2011 | 2012 |
|--|-----------|-----------|-----------|-----------|
| Physicians | 45 | 49 | 55 | 36 |
| NPs/PAs | 8 | 9 | 11 | 10 |
| Total Provider Additions | 53 | 58 | 66 | 46 |

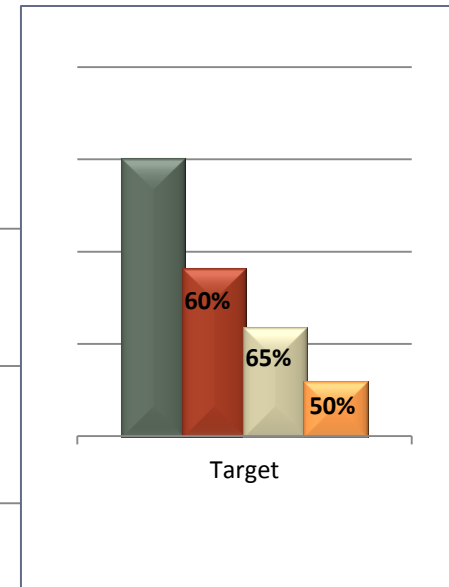
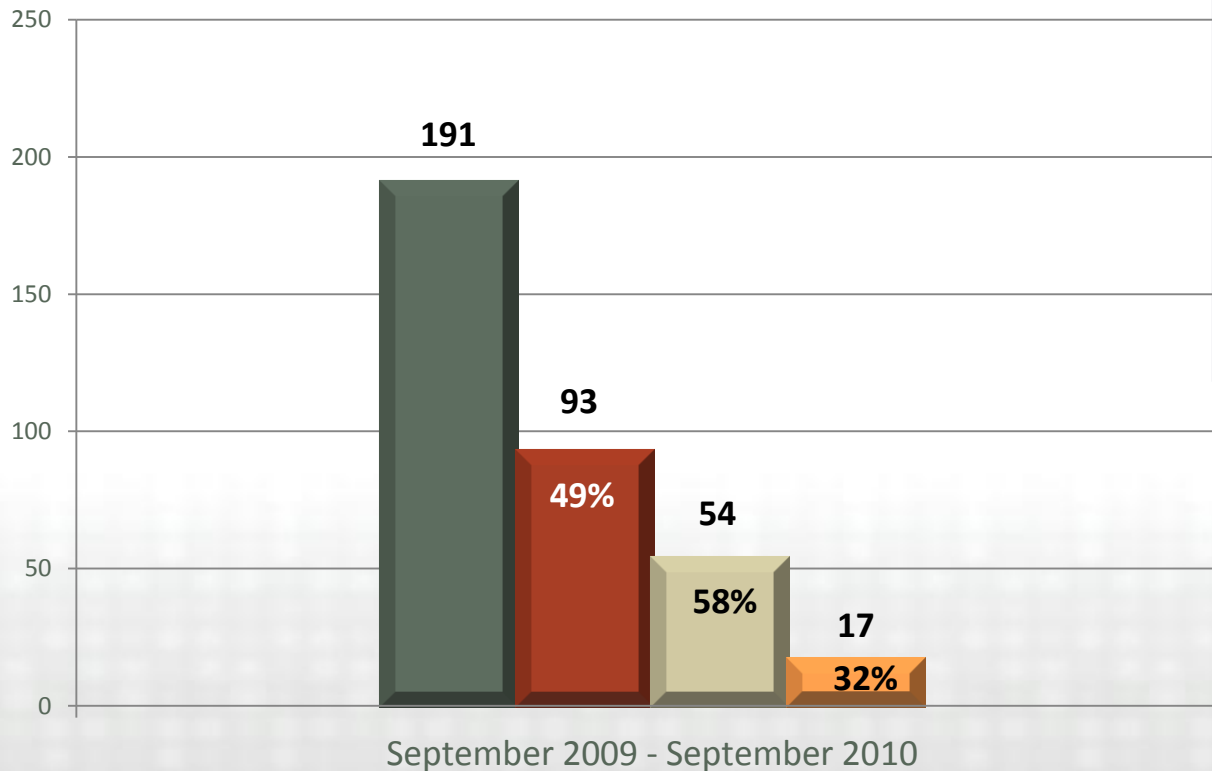
Process Results

- ✓ Centralized recruitment platform with transparent process and results
- ✓ Multi-channel, mobile-enabled campaigns engage active and passive candidates
- ✓ Interactive and social media highlight hospitals, brands and healthy medical group culture



First Year Results

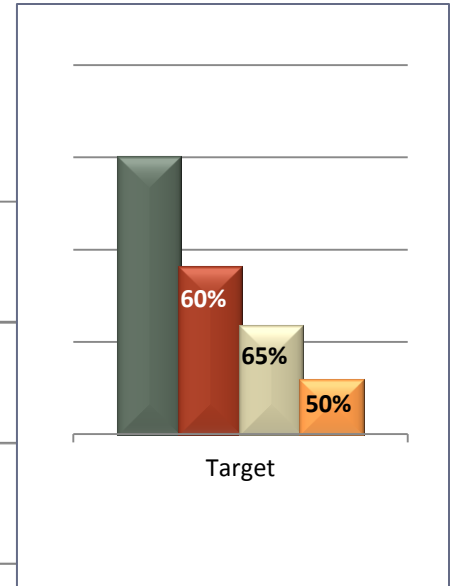
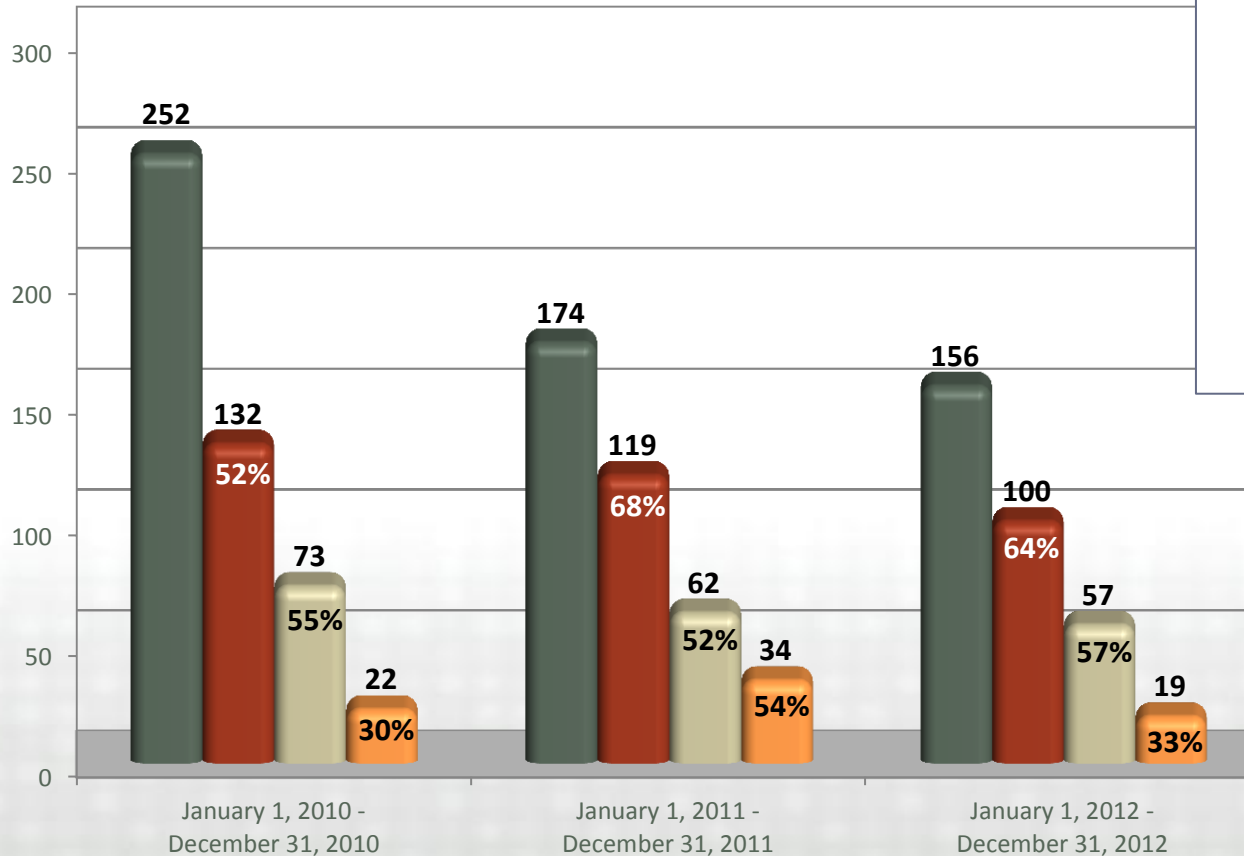
- ✓ Established benchmarks, candidate criteria
- ✓ Targeted interview and hiring efficiencies



- Presented
- Interviews
- Offers
- Hires

Yearly Comparisons

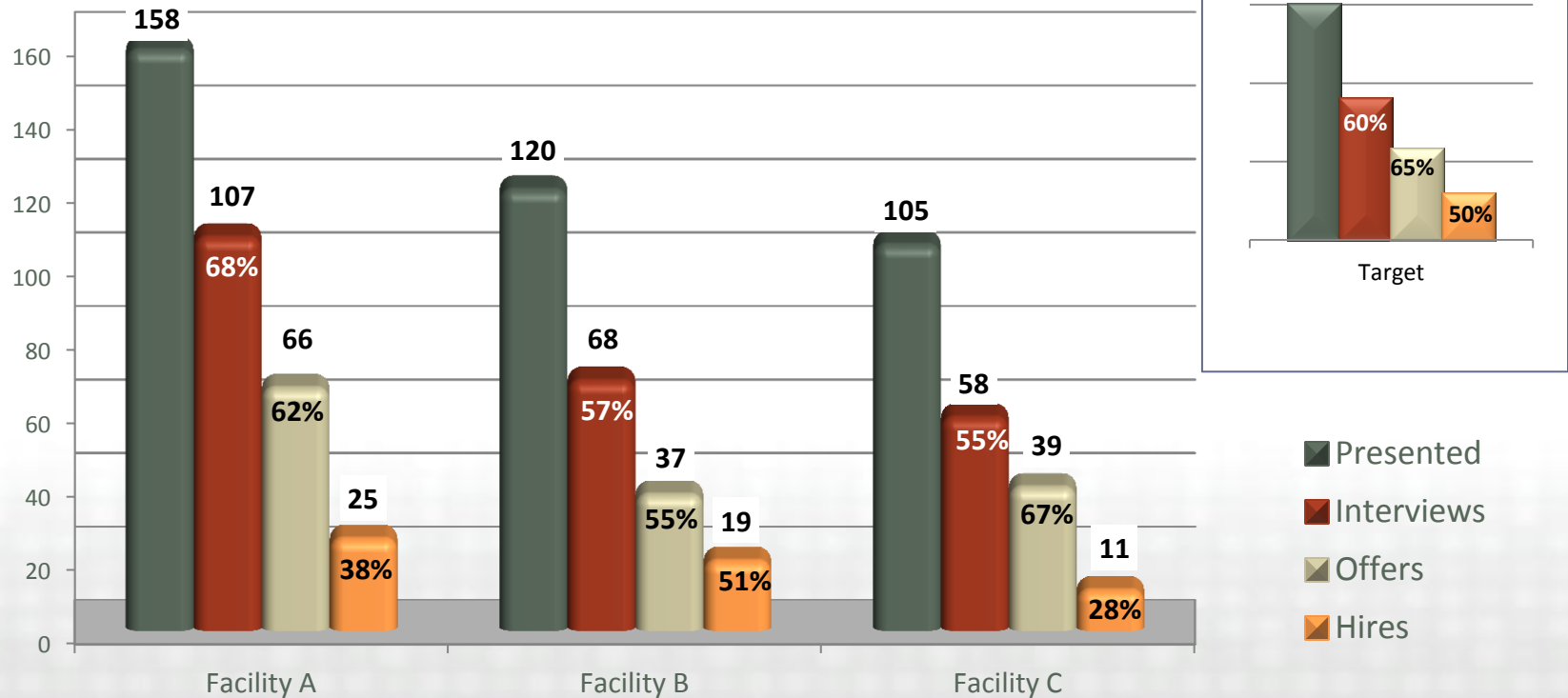
- ✓ Metrics reflect improved results of candidate screening
- ✓ Progress toward efficiency, yet....



- Presented
- Interviews
- Offers
- Hires

Selected Individual Facility Results

- ✓ Recruitment is never equal
- ✓ Hospital locations and attributes vary and influence metrics



Solutions to Challenges

Adding physicians to the employed portfolio.

Voiced Satisfaction:

- “Payor neutrality has evened out the playing field”
- “Market intelligence and benchmark reporting gives us information we can act on”
- “Communicating and collaborating – not competing internally – has been key to getting the best docs”
- “Our recruitment effort is ahead of the technology curve

Lessons Learned

- ❑ Recruitment is never equal
- ❑ Recruitment is a **constant** evolution
- ❑ Today's shortage pushes urgency on recruitment efforts
- ❑ Identifying the "right fit" candidate is even more important for retention
- ❑ Enhanced technology is essential candidate engagement – now and for the future

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