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Fostering Physician Collaboration Through Coverage-Based Compensation

Productivity-based physician compensation plans were designed to align with the fee-for-service environment, where patients were typically treated one care episode at a time and providers billed one service at a time. As health systems seek to deliver coordinated care across the continuum, however, many are rethinking the way they incentivize physicians. Compensation plans must be redesigned to align with the changing health care landscape and to ensure physicians are able to collaborate to provide the best possible care for their patients.

Donald L. Lappe, MD

In this column, I want to highlight one such innovative approach that has been implemented at Intermountain Healthcare, an integrated non-profit health system comprised of 22 hospitals in Utah and Idaho. In the central region of Intermountain, the 50 cardiologists employed in the Cardiovascular Clinical Program have aligned around a coverage-based compensation model that allows them to function collaboratively and meet the high standard of care associated with the Intermountain brand. I recently had the privilege of speaking with the program's Medical Director, **Donald L. Lappe, MD,** to learn more about how this approach evolved.

Like many physician groups, in his early days as an independent practitioner, Dr. Lappe and his partners primarily tied compensation to individuals' productivity levels. But over years of experience and as the overall landscape of health care has changed, Dr. Lappe came to view these traditional compensation models as antiquated, with the focus on the individual negatively impacting physicians' willingness and ability to collaborate in treating patients.

When his group joined Intermountain in 2007, Dr. Lappe worked with Intermountain administrative leadership to implement a pooled work relative value unit (WRVU) approach, from which all individual physicians were paid an equal salary, regardless of the services they performed. As the Medical Director, Dr. Lappe could still review individual cardiologists' WRVUs, but he used these reports only to identify and course-correct the occasional physician with low productivity. "Each doctor still got their own RVU tracking report, but it wasn't shared with others," Dr. Lappe said. "By pooling RVUs, we eliminated the situation where your greatest competitor is your partner. We shared the workload. Everyone provided equal amounts of effort—not necessarily RVUs." In addition to fostering teamwork, the group was able to increase aggregate productivity levels by coordinating care more effectively.

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The pooled WRVU approach enhanced collaboration among physicians, but the group believed that a transition to a coverage-based model that paid physicians a salary based on a required minimum number of shifts was necessary to truly align incentives to ensure the best care for patients. Every cardiologist in the group is accountable for a minimum of 200 shifts per year, which includes responsibility for night and weekend calls. If physicians choose to work extra shifts, they receive additional pay, commensurate with the shift rate. Through this incentive system, physicians are incentivized to create a team-based approach to patient care that ensures open communication among physicians. Additionally, the physical office space for the group is structured to put providers in the same room, rather than isolating individuals behind closed doors.

Importantly, through these innovative approaches to compensation, the cardiologists have no trouble meeting the quality measures that are standard across all employed physicians within the Intermountain Medical Group.

"Our service quality went up in both clinics and hospitals, and our outcomes remain outstanding," said Dr. Lappe. "And importantly, this puts our practice and medical group on the same side of the need with the hospital, delivering high clinical and service quality care at the lowest cost in an integrated way."

In terms of success factors, Dr. Lappe identifies culture as critical, emphasizing the importance of a shared vision between physicians and the health system. Intermountain's dedication to providing extraordinary care and service at an affordable cost was well aligned with the goals of the cardiology group. Dr. Lappe also stressed the importance of effective leadership, both in advocating with key stakeholders across the organization to gain support for the model, and then later in implementing it. Strong peer leaders push the physicians in the practice to continue to maintain a high level of performance, especially as the practice grows. Today, the model implemented under Dr. Lappe's leadership is widely regarded as the standard for success for groups in other regions, who are now actively pursuing transitions to coverage-based compensation plans.

If you have any further questions about Intermountain's compensation approach or provider incentive design, contact Will at *wcrane@ecgmc.com*. ■

Donald L. Lappe, MD, serves as chairman of the cardiovascular department and chief of cardiology at Intermountain Heart Institute, Intermountain Medical Center, a 480-bed tertiary and teaching facility in Salt Lake City. He is also Clinical Associate Professor of Medicine at the University of Utah and has published and presented on a broad range of cardiovascular topics, including clinical outcomes, basic science, and quality improvement.

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