

CASE STUDY

Hospitalist Program Restructuring & Performance Improvement

Confidential Southeast Client

Hospitalist program
on track to save

\$1.5M
annually



Increased
collaboration
between hospital
and group leadership



Strengthened a key
**strategic
partnership**



ECG PARTNERED WITH an approximately 715-bed health system with two acute care hospitals. The system offers a broad range of healthcare services and supports a variety of community and education efforts throughout a large and growing metropolitan area. Approximately 30 FTE hospitalists support the system's busy inpatient program, which spans two campuses and includes a skilled nursing facility.

THE CHALLENGE

For more than 20 years, the health system enjoyed a partnership with a local group that provided hospitalist program leadership and staffing. Upon receiving a request from the group for additional financial support, the health system determined that the hospitalist program was not sustainable and needed a strategic framework to improve its organizational, operational, and financial performance.

THE PROCESS

ECG was engaged to identify opportunities to elevate the hospitalist program's performance to achieve the parties' shared goals. ECG reviewed and assessed the group's staffing levels, compensation plan, and workflows, and developed a comprehensive set of recommendations to introduce a dynamic staffing model and realign the funding model to improve quality and patient throughput.



As a result of ECG’s assessment and recommendations, the health system decided to continue its partnership with the group under a revised PSA with enhanced performance metrics. In support of the revised PSA, ECG provided the health system with negotiation assistance, including financial modeling, term sheet development, and meeting facilitation.

Despite best efforts, the parties were unable to agree on a revised PSA. ECG continued to serve as a strategic adviser to the health system, evaluating alternative partnership options and developing solutions for stabilizing the hospitalist program. Ultimately, the health system decided to buy out the physician shareholders of the group and take a majority ownership position in a joint venture (JV) with a closely aligned multispecialty medical group. ECG supported this transaction by:

- ✓ Providing due diligence support.
- ✓ Conducting a business valuation.
- ✓ Analyzing the value of the group’s A/R.
- ✓ Helping to create the JV agreements.
- ✓ Developing operating budgets.
- ✓ Designing a performance dashboard.

THE OUTCOMES

With ECG’s guidance and support, the health system was able **to establish a new JV with a strategic multispecialty medical group partner**. The new partnership structure has **increased collaboration** between the health system, the hospitalist group, and the multispecialty medical group and has put the **hospitalist group on track to save \$1.5 million annually** and continuously improve quality of care.

CONTACT US

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