Disclosures

- I am employed by the American Academy of PAs’ Center for Healthcare Leadership and Management (CHLM)
Outline

• National Trends
• 4 Areas of PA/NP Workforce Impact in an Organization
  – Patients
  – Providers
  – Finance
  – Risk
• Top Considerations for Best Impact
National Trends
Predicted Physician Shortage

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>51,300</td>
<td>90,700</td>
<td>121,300</td>
</tr>
</tbody>
</table>

PAs and NPs are the Fastest Growing Provider Professions

<table>
<thead>
<tr>
<th>Provider</th>
<th>Next 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA</td>
<td>37%</td>
</tr>
<tr>
<td>NP</td>
<td>36%</td>
</tr>
<tr>
<td>Physicians</td>
<td>13%</td>
</tr>
</tbody>
</table>

NT: Healthcare’s Value Equation

Value = Quality

Cost = Outcomes that matter to patients

Costs of delivering those outcomes
NT: Bundled Payments

• Single payment for an episode of care
• Examples:
  • CHF
  • Sepsis
  • Stroke
  • Total joint
• Need to focus on streamlining care AND reducing costs

Adapted from: https://uofuhealth.utah.edu/accelerate/blog/2016/11/bundled-payment-the-big-idea.php
Fee for Service

$[\text{LP reimbursement}] - \text{Cost to produce LP} \times \# \text{ of LPs provided} = \text{Revenue}$

The △ here has become just as important if not more important than the volume of services

LP = Lumbar puncture
Cost
To Produce a Service

Material Cost

People Cost
<table>
<thead>
<tr>
<th></th>
<th>Surgeon</th>
<th>PA/NP</th>
<th>RN</th>
<th>X-Ray Tech</th>
<th>Scribe</th>
<th>Office Assistant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Clinical Costs</td>
<td>$546,400</td>
<td>$120,000</td>
<td>$100,000</td>
<td>$64,000</td>
<td>$51,000</td>
<td>$61,000</td>
</tr>
<tr>
<td>Personnel Capacity</td>
<td>91,086</td>
<td>89,086</td>
<td>89,086</td>
<td>89,086</td>
<td>89,086</td>
<td>89,086</td>
</tr>
<tr>
<td>(minutes)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel Capacity</td>
<td>$6.00</td>
<td>$1.35</td>
<td>$1.12</td>
<td>$0.72</td>
<td>$0.57</td>
<td>$0.68</td>
</tr>
<tr>
<td>Cost Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fax pre-auth (20 min)</td>
<td>$120</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 hr clinic</td>
<td></td>
<td>$486</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$205+</td>
<td></td>
</tr>
</tbody>
</table>
NT: Cause & Effect Story

High Deductible Plans
- Price conscious consumers
- Seeking routine care elsewhere

Retail Clinics
- NPs and PAs
- Stealing patient market
- Huge growth (1,300%)

Same Day Appts
- Reaction to competition
- PAs/NPs make this model viable
Areas
Organizational Impact
Top Considerations for Maximizing PA/NP Impact

**PATIENTS**
- Increase patient access and satisfaction through better PA/NP utilization

**PROVIDERS**
- Reduce PA/NP TO cost
- Increase provider engagement

**FINANCE**
- Stop chasing the 15% and focus on patient access to drive revenue

**RISK**
- Designate PA/NP leader(s) to help maintain workforce compliance and good billing practices
Patients

Increase patient access and satisfaction through better PA/NP utilization
What Do Consumers Want From Healthcare?

CONSUMERS PRIORITIZE CONVENIENCE Over Continuity and Credentials

Rank Of Clinical Attributes

Provider Credentials
- RANK 8

Provider Continuity
- RANK 5

Access and Convenience
- RANK 1-4

1. Access and Convenience
2. Provider Continuity
3. Provider Credentials
4. Whatever the last attribute is (number not visible in the image)
5. Whatever the penultimate attribute is (number not visible in the image)
6. Whatever the third attribute is (number not visible in the image)
7. Whatever the fourth attribute is (number not visible in the image)
8. Whatever the fifth attribute is (number not visible in the image)
9. Whatever the sixth attribute is (number not visible in the image)
10. Whatever the first attribute is (number not visible in the image)

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Millennials Influence Healthcare Delivery

Fast Delivery

- 34% prefer retail clinics
- 25% prefer acute care clinics

2x higher

Baby boomer preferences

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Patient Satisfaction and Preference

Patient satisfaction with PA/NP

PATIENT PREFERENCE %

- PA/NP: 79%
- Physician: 11%
- No pref: 10%


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Glickman Urological & Kidney Institute
Department of Urology PAs/NPs

75% of PAs/NPs have a level of independent practice

Top Diagnoses
- Incontinence
- Kidney stones
- UTIs

Procedures
- Cystoscopy
- Ureteral stent removal
- Biopsy

32 locations

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**GI Ambulatory Pilot Project**

**APP Clinic**

- **New Patient**
  - Rectal bleeding
  - Blood in stool
  - Constipation

  **Median days wait (7)**
  - Reimburse/visit ($87)
  - Cost per 60m visit ($54)

  - 76% Successfully managed by APP
  - 24% referred to specialist

  **38% Margin**

**Physician Clinic (control)**

- **New Patient**
  - Rectal bleeding
  - Blood in stool
  - Constipation

  **Median days wait (15)**
  - Reimburse/visit ($102)
  - Cost per 30m visit ($87)

  - 95% Successfully managed by physician
  - 5% referred to specialist

  **14% Margin**

Source: Presentation by Robert Willey, MD- Chief Medical Operations Officer, Cleveland Clinic – PA Executive Conference 2017
Increasing Patient Access

BACKGROUND

• Started same day appointments in 2008
• Made a conscious decision to utilize APPs

OUTCOMES

Jan 2016 – May 2017

• Physicians 382K → 414K (↑9.7%)
• PAs/NPs 92K → 115K (↑25%)

Call Center Training is KEY

Source: Presentation by Robert Willey, MD- Chief Medical Operations Officer, Cleveland Clinic – PA Executive Conference 2017
https://www.healthcaresuccess.com/blog/podcast-interview/the-impossible-dream-how-cleveland-clinic-delivers-one-millionsame-day-appointments.html
Same Day Appointments

LAUNCHES
Oct 2016: Same-day scheduling – Primary Care
Jan 2017: 20 Specialties
Feb 2017: Full same-day access marketing campaign

OUTCOMES
• 120,000 same-day appointments thru Aug 2017
• Increased patient satisfaction/capture

8%
NEW Primary Care Patients

25-30%
NEW Specialty Patients
Walk-In Clinic Addition

- 20,000 patients/year
- Priority for same-day access
- 30 slots full by 9am daily

- Loss of patients (retail clinics)
- Patient loyalty

- Opened walk-in clinic downstairs
- Staffed by 4 NPs
- M-F: Extended hrs, Sat: full day
- Physician onsite

Average 70 patients/day 25% of overall clinic volume

https://www.athenahealth.com/insight/3-minute-case-study-adding-walk-clinic

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Utilizing PAs/NPs for *same day appts or walk in clinics* to is a cost-effective way to:

1. increase access
2. build patient loyalty
3. increase revenue
Providers

Reduce PA/NP TO cost and increase provider engagement
Recruitment and Retention of NPs/PAs

National Vacancy Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>7.7%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Prevalence of Recruitment and Retention Strategies for APPs

<table>
<thead>
<tr>
<th>Strategy</th>
<th>2014 Rate</th>
<th>2017 Rate</th>
<th>Average Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sign-on Bonus</td>
<td>90%</td>
<td></td>
<td>$6,415</td>
</tr>
<tr>
<td>Moving Allowance</td>
<td>72%</td>
<td></td>
<td>$5,064</td>
</tr>
<tr>
<td>Retention Bonus</td>
<td>45%</td>
<td></td>
<td>$7,011</td>
</tr>
</tbody>
</table>

Source: Sullivan Cotter 2017 APP Compensation and Workforce Insights
What Does PA/NP Turnover Cost?

- $225,000 - Cleveland Clinic
- $185,000 - Carolinas HealthCare System
- $87-121,000 - University of Utah
Predicting Job Satisfaction: NPs

How Important are Autonomy and Work Settings to NPs’ job satisfaction?

8,300+ NP Surveys

Relationship between job satisfaction

Autonomy

Work setting

Independent billing

Full utilization

Relationship with physician

Source: Athey et al. How important are autonomy and work setting to nurse practitioners’ job satisfaction? J. of the American Association of Nurse Practitioners. June 2015

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### CHLM/HealthStream Survey Results

**Top 7 Correlates With PA Employer Satisfaction**

<table>
<thead>
<tr>
<th>Positive Work Environment</th>
<th>The ability for the organization to create a positive work environment for the PAs.</th>
<th>0.74</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflict Management</td>
<td>How well conflicts are managed.</td>
<td>0.63</td>
</tr>
<tr>
<td>Leadership Involvement</td>
<td>PAs ability to provide meaningful input that leads to positive change for the organization.</td>
<td>0.62</td>
</tr>
<tr>
<td>Organizational Communication</td>
<td>The efforts to keep PAs informed of what’s going on within the organization.</td>
<td>0.61</td>
</tr>
<tr>
<td>Quality Improvement</td>
<td>The leadership team’s efforts to involve PAs in improving the quality of patient care.</td>
<td>0.61</td>
</tr>
<tr>
<td>Leadership Focus on PAs</td>
<td>The extent to which leadership focuses on PAs.</td>
<td>0.60</td>
</tr>
<tr>
<td>Salary/ Benefits</td>
<td>PA compensation and benefits.</td>
<td>0.58</td>
</tr>
</tbody>
</table>

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Driving Engagement: Going Beyond Salary

Promotional Pathways

• **Low hanging fruit – low cost**

• **Academic centers:**
  1. Use existing structure
  2. Consider modifying current structure to best fit PA/NP workforce

• **Non-academic centers:**
  1. Is there an opportunity to partner with a local, medical program?
  2. Get creative with reciprocation for student rotations (can you get “credit” at your employer for outside leadership work)

PA/NP Leadership Structure

• **Can be expensive, but has long term benefits for the employer**

• **PA vs. PA/NP vs. APP**

• **Committee representation**
  1. Hit all of the key committees
  2. Voting vs Non-voting
Key Consideration(s)

Revisit your recruitment and retention plan for PA/NP workforce

- Is your current plan intentional?
- What is your current TO rate/cost?

Recruiting

- Are salaries/benefits competitive? Sign on bonus? Relocation funds? Are PAs/NPs visible on your website?

Retention

Finance

Stop chasing the 15% and focus on increasing patient access to drive increased revenue
Profit/Contribution Margin

Example:
Year 1: 2,000 patients
Level 4 New Medicare
$131 = 100%
$111 = 85%

Medscape 2018 Physician Salary Survey

Physician

$262,000
$229,000
$33,000

PA/NP

$222,000
$111,000
$111,000
### Chasing the 15%

#### Neurosurgeon
- Salary: $576,000 ($277/hr)

#### PA
- Salary: $111,000 ($54/hr)

#### 99204 Level 4 New

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
<th>Profit/Contribution Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>99204</td>
<td>Surgeon + PA/NP @ 100%</td>
<td>-$36</td>
</tr>
<tr>
<td>99204</td>
<td>Surgeon @ 100%</td>
<td>-$9</td>
</tr>
<tr>
<td>99204</td>
<td>PA/NP @ 85% ($111)</td>
<td>+$84</td>
</tr>
</tbody>
</table>

**Sources:** ©2016 MGMA. Data extracted from MGMA DataDive™ ** CMS 2018 Physician Fee Schedule National Payment Amount

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# Another Look at the Margins

**Assumptions:**
- 15 minute appointment slots
- 4 visits per hour
- 8 hour days
- 28 visits per day

<table>
<thead>
<tr>
<th>Service Provided</th>
<th>NeurorSurgeon</th>
<th>PA/NP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same service provided</td>
<td><strong>$2,240 ($80 x 28 visits)</strong></td>
<td><strong>$1,904 ($68 x 28 visits)</strong></td>
</tr>
<tr>
<td>Wage per day</td>
<td><strong>$2,216 ($277/hour x 8 hours)</strong></td>
<td><strong>$432 ($54/hour x 8 hours)</strong></td>
</tr>
<tr>
<td>Profit Contribution margin</td>
<td><strong>$24</strong></td>
<td><strong>$1,472</strong></td>
</tr>
</tbody>
</table>

**Notes:**
- **CMS 2018 Physician Fee Schedule National Payment Amount**
- **61 clinics = 1 clinic**

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## Understanding the 15%

<table>
<thead>
<tr>
<th>Type of Visit</th>
<th>CPT Code</th>
<th>Work RVU</th>
<th>Facility Price MD/DO</th>
<th>Facility Price PA/NP</th>
<th>15% Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient: Initial Admission H&amp;P</td>
<td>99222</td>
<td>2.61</td>
<td>$139.32</td>
<td>$118.40</td>
<td>$20.92</td>
</tr>
<tr>
<td>Inpatient: Subsequent</td>
<td>99232</td>
<td>1.39</td>
<td>$74.16</td>
<td>$63.04</td>
<td>$11.12</td>
</tr>
<tr>
<td>Outpatient: New Patient Visit</td>
<td>99203</td>
<td>1.42</td>
<td>$78.12</td>
<td>$66.40</td>
<td>$11.72</td>
</tr>
<tr>
<td>Outpatient: Established Patient Visit</td>
<td>99213</td>
<td>0.97</td>
<td>$52.20</td>
<td>$44.37</td>
<td>$7.83</td>
</tr>
</tbody>
</table>

Source: 2018 CMS physician fee schedule. National payment amount: actual price amount will vary by geographic index
Primary Care Practices

0.4 vs. 0.2 PAs/NPs per full time physician

0.4 groups had more medical revenue than 0.2 group

Private-owned Primary Care Practices

Earned $100,748 more after operating expenses

Hospital-owned Primary Care Practices

Earned $131,770 more after operating expenses

Key Consideration(s)

Stop chasing the 15%

- Reduce the number of patients seen by 2 qualified providers
- 2 providers should not share the same schedule
- The “lost” 15% can be recouped by seeing 1 additional patient

PLUS you’ve also increased access
Designate PA/NP leader(s) to help maintain compliance and proper billing practices
10 Question Compliance Assessment for Legal and Regulatory Compliance with Your PAs and NPs

Use this checklist to help assess your current state of legal and regulatory compliance with regard to your PA and NP utilization. This checklist identifies the major legal, regulatory, and other issues often implicated in the utilization of PAs and NPs.

<table>
<thead>
<tr>
<th>Questions</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Are PA and NP salaries currently included in the Medicare A cost report calculations?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>2. Can your organization quantify the number of PAs and NPs by setting, site, service line, and payer?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>3. Can your organization provide current, accurate revenue generated by PAs and NPs?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>4. Are you utilizing shared visit or incident to billing?</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>5. Are PAs and NPs being utilized as scribes?</td>
<td>✗</td>
<td></td>
</tr>
</tbody>
</table>

Full version: www.CHLM.org/compliance-assessment
Who is in charge of keeping the practice, department, and/or hospital “up to date” with PA/NP billing and compliance changes?

1. Who are their sources?
2. How often do they check for updates?
3. How do they disseminate new information?
In Conclusion - Now What? Next Steps…

• Take some time to review and digest the presentation
• Assess your work environment through the lens of 1+ of the 4 areas of impact (patients, providers, finance, or risk)
• Next step depends on your current role:
  – Director of PAs(/NPs) for the hospital?
  – Lead PA within your department
  – No formal leadership title?