

# Four Elements of a Compensation Physician Program

## Lunch and Learn Topic

### **BRIEF DESCRIPTION OF TOPIC:**

As one of the largest health system cost centers and one with significant regulatory implications, physician compensation should be top priority. A comprehensive approach to physician compensation enables the organization to recruit and retain physician talent, align physician incentives with those of the organization to drive performance, and maintain an infrastructure to mitigate risk associated with the health care regulatory environment.

### **SUMMARY OF SPECIFIC ISSUES TO BE COVERED:**

- Fair Market Value (FMV)/ Commercial Reasonableness (CR) Opinions Benefits:
  - Confirm consistency with FMV and CR
  - Obtain guidance before presenting compensation terms to physician
  - Improved defensibility of Arrangement
- Compensation (Re)Design:
  - Facilitate transition to value-based reimbursement
  - Eliminate barriers to service line integration
  - Standardization and equity
  - Support recruitment & retention
- Compliance Focused Policies:
  - Defensibility of financial arrangements
  - Consistent standards for requesting, approving, structuring, documenting, and monitoring financial arrangements with providers
  - Reduction in cost for outside third-party opinions
- Periodic Compensation Audit:
  - Identify potential risks & outliers
  - Useful for board reporting
  - Comprehensive inventory of all employed physician agreements

### **LEARNING OBJECTIVES:**

- How to improve defensibility of financial arrangements
- Identify potential risks and outliers