

# Developing a Growth Strategy for a Physician Hospital Network

**This physician health network had a track record of success, but was still leaving money on the table. Did they need to achieve formal CIN designation? Would one model of physician participation accommodate all types of interested physicians?**

**Client Profile:** A growing mid-Atlantic health system that includes more than 1000 physicians, including many in independent practices, and expects to add hundreds more physicians in the near future.

**Challenge/Situation:** The client wanted to take on greater risk/reward in their value-based contracting, while adding more physicians. Physician participants were at different levels of sophistication and experience with value-based care, with some still using paper records. Among questions to address were:



Whether the physician network should achieve formal Clinical Integration as defined by the FTC



How to remain attractive to independent physicians



Whether more than one model of physician participation was required to accommodate both high and lower performers in the existing network, and be ready to take on physicians who are not prepared for value-based care



How the organization should handle fee-for-service contracting and fee schedules



How best to structure the value-based enterprise

**Solutions:** A tiered membership system was chosen, and three tiers of physician participation were defined. It was decided that the network did not need to pursue formal CIN designation, and that focus on value-based reimbursement was most important. The client will:

Target an increase in value-based reimbursement and expand it to all payers

Update their incentive distribution model to drive physician performance more effectively in value-based contracts

Continue handling fee-for-service contracting as was currently done

**Results:** The network is implementing the three-tier membership system. It is positioning itself to increase the number and breadth of value-based contracts it handles, such that all contracts are VBR based in two years, and to increase the value of those contracts.