



Re-Defining Physician Credentialing Management Strategies

Increased M&A activity and physician alignment strategies has caused an unprecedented increase in physician on-boarding. Current physician credentialing management strategies are not equipped to handle this volume and require a shift from a “one to many” management structure to a “team based management structure.” Making this management shift will enable managers to increase specialization, scalability, and departmental stability.

Background

Today's healthcare industry is undergoing unprecedented change. Decreasing reimbursement, soaring costs, the implementation of Healthcare IT initiatives (HIT), and the hotly debated Affordable Care Act (ACA) and its most recent manifestation, Accountable Care Organizations (ACOs), have converged to re-ignite our health policy and economic discourse. Comprising approximately 18% of the gross domestic product (GDP), ideas on how to best manage the unknown future of US healthcare has generated many new and often radical solutions.

With the Patient Protection and Affordable Care Act only 11 months away from its 2014 start, the convergence of decreasing reimbursement, rapidly increasing costs, HIT, and the ACO model is playing itself out in the form of clinical, operational, and financial integration. Prior to the ACA, healthcare organizations (both hospitals and physicians) were operated and reimbursed based on a "fee for service" model. This "all you can eat" operational and reimbursement model rewarded hospitals and physicians by reimbursing the number of services provided rather than on the clinical outcome of those services. However, with the implementation of the ACO model, a sea shift in clinical, operational, and reimbursement delivery has occurred and both hospitals and physicians are now looking at reimbursement models based on the quality of care and the successful clinical outcomes of their efforts.

M&A Activity

In order to best facilitate the shift from a "fee for service" operational and reimbursement model to a "fee for quality" model (which links quality and clinical outcomes to financial reimbursement), many hospitals and physician groups have begun to morph themselves into various forms of ACOs or Integrated Delivery Networks (IDNs). Viewed as a way to improve clinical outcomes and reduce costs, many hospitals have begun significant efforts to acquire and/or merge with other hospitals and physician organizations. According to Healthcare Finance News, hospital M&A activity increased 33% in 2010 from 2009.¹ Further, according to Modern Healthcare quoting a study conducted by Irving Levin Associates (Norwalk, CT), 980 healthcare merger and acquisition deals valued at \$227.4 billion took place in 2011.² "Among the healthcare sectors announcing 100 deals or more in 2011..." physician medical groups comprised "107 deals."

This increase in M&A activity has caused many hospitals to look to integrate with as many physician groups as possible. However, what many of these hospitals have failed to realize is that despite integrating these physician practices into their healthcare organizations, many hospitals do not fully understand the operational and financial implications of setting up robust billing and credentialing systems and many hospitals do not have the expertise, staffing, or capital budgets to successfully execute on their physician alignment strategies. As a result, many hospitals are finding an increase in physician related denials, frustrated physicians and most importantly, lost revenue.

¹ Healthcare Finance News – *Hospital M&A Activity Jumped 33 Percent in 2010* - <http://www.healthcarefinancenews.com/news/hospital-ma-activity-jumped-33-percent-2010>

² Modern Healthcare – *M&A Activity Stayed Strong in 2011, Levin Says* - <http://www.modernhealthcare.com/article/20120120/NEWS/301209964/m-a-activity-stayed-strong-in-2011-levin-says>

Adapt Or Die

The increase of M&A activity has caused many healthcare organizations to assess whether their current methods of managing their physician on-boarding and credentialing life cycle continue to be effective. Prior to the increase in M&A activity, the physician on-boarding and credentialing life cycle was managed by loosely affiliated departments across the health system. While their goal of bringing a provider into the healthcare organization are similar, various departments such as business development, human resources (HR), medical staff services and provider enrollment worked independently and rarely communicated efficiently or effectively.

Taken one step further, despite working as independent departments, because growing the rosters of employed providers is on every CEO's 2013 strategic agenda, medical staff services and provider enrollment departments have seen a dramatic influx of new providers. In situations played out again and again, the business development department acquires a group practice, the HR department manages all of the group practice's employment paperwork, but the provider is not privileged or enrolled in a timely or efficient manner. The reason is for the inefficiency is simple. Traditional provider enrollment management techniques do not account for increased volume, growth, and complexity. The result, unfortunately, is that medical staff services and provider enrollment departments have become stretched, overworked, and inevitably fall behind. And, when this occurs, the healthcare organization lose valuable revenue dollars.

Traditional Physician Credentialing – “One To Many”

Traditionally, physician credentialing departments have not experienced high rates of growth and as such, have managed their providers in a one to many management structure. In the one to many management structure (as depicted below), a single physician credentialing specialist manages every component of a large number of providers and their physician credentialing life cycle.



This management structure has worked in the past because the volume and complexity of physician credentialing did not necessitate an alternative. Providers practiced at one or two locations, would only participate with 20-25 health plans, and would have successful, long-term careers.

However, in today's high growth world of healthcare M&A, healthcare organizations are acquiring more and more hospitals and physician groups, physicians are being cross credentialed/enrolled across all healthcare facilities and new physicians are coming on-board on a daily basis. Additionally, a shortage in physicians has necessitated an increase in the hiring of

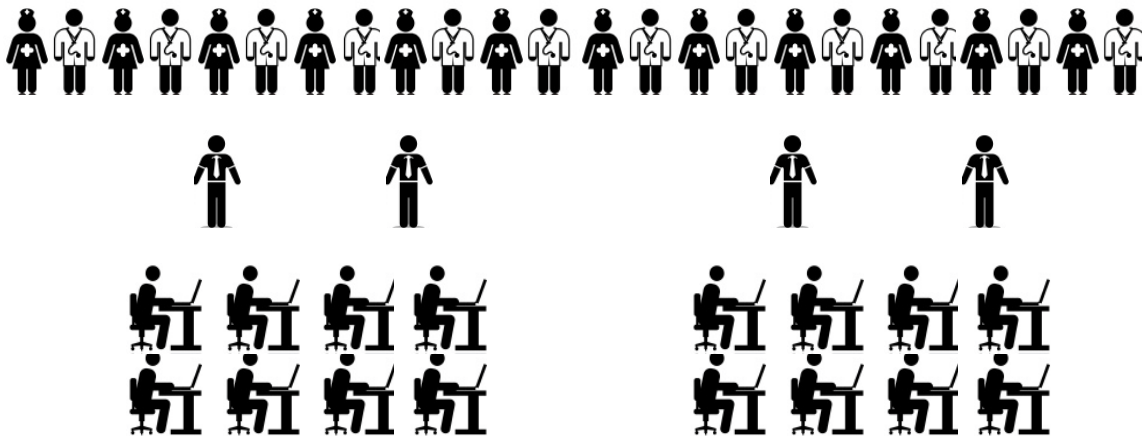
allied health providers. In order to address this risk, it is critical that physician credentialing managers re-assess the one to many management structure.

One issue with the one to many management structure is operational risk. By having one physician credentialing specialist manage every aspect of a large number of provider’s enrollment, there exists a centralization of domain expertise. This centralization of domain expertise works well when the physician credentialing specialist is able to stay on top of all of her duties. However, when that physician credentialing specialist becomes sick, is out on medical leave, is on vacation, falls behind on her work, or quits, the work for all of the providers that she is managing comes to a screeching halt. This poses a significant risk to both work continuity and revenue.

A second issue with the one to many management structure is scalability. Understanding that physician credentialing specialists are falling further and further behind due to the increasing number of providers coming on-board, it is very difficult to scale physician credentialing staff to meet growing operational demands. By managing every aspect of a large number of provider’s enrollment, it is critical to hire physician credentialing specialists with deep expertise and experience. Further, it is critical that physician credentialing specialist provide value from day one. However, as many managers know, finding physician credentialing specialists with deep expertise is often challenging. As a result, management is left with no choice but to hire credentialing specialists with less experience and hope for the best.

An Alternative – Team Based Provider Enrollment Management – “Many To Many”

The response to concerns regarding the one to many management structure is a team based management structure. Taken from the successful team based management techniques used in revenue cycle management, the team based management structure creates specialized teams to manage each of the specific tasks of the credentialing life cycle.



As the illustration depicts above, rather than have one person manage a large number of providers (and all of the risks that accompany that structure), task based teams are created. These teams are created based on each task of the credentialing life cycle. For example, one team might be a data entry team, a par/non-par team, an initial CAQH and CAQH re-attestation team, an applications processing team, a credentialing follow up team, or a re-credentialing team. Each

team should be managed by a team lead and in turn, the team lead should be managed by a manager or director.

The benefits of a team based management structure is specialization and increased efficiency. Consider Henry Ford's pioneering approach to car manufacturing. Each team was assigned a task and by conducting the same task again and again, the teams became specialized and quicker at their tasks. This also applies to the credentialing life cycle. By enabling someone to conduct data entry for new providers all day long, or when they do credentialing follow up all day long, they gain specialized domain knowledge and become faster at the specific task.

Further, by managing your credentialing life cycle in a team based management structure, you create a scalable foundation upon which to growth your credentialing enterprise. Refer back to the Henry Ford model. When demand for his cars increased, all Ford had to do was hire additional people and train them on one task. The same applies to credentialing team based management. When provider volume increases, rather than having to find and train a highly experienced credentialing specialist to manage all aspects of the credentialing life cycle, all you have to do is add additional staff and train them on the one task. The results are quicker transition, a quicker learning curve, and greater departmental stability.

Finally, a team based management structure provides stability and increased morale in your department. In the team based model, if a data entry specialist leaves your department, you only have to find a new data entry specialist, not a highly skilled credentialing specialist. In addition, by breaking down what is often seen as an overwhelming avalanche of work into small, manageable tasks, your staff is able to easily understand what needs to be done and set their mind toward accomplishing that task. The concept of "accomplishable tasks" dramatically increases staff morale both for the individual staff member as well as for the entire department.

Results – So What?

So how does the team based management structure compare to your credentialing department? Do you see the same problems that have been mentioned above and do you also see the benefits of the task based approach?

The "So What?" is simple. The dramatic increase in work associated with increased provider on-boarding has created an environment which cannot be sustained. Smart managers have to find a way to easily scale their departments into specialized teams. Those that consider the benefits of a team based approach will experience all of the benefits mentioned above and in turn, will gain increased control over their departments and their careers.

About the Author

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About Newport Credentialing Solutions

Newport Credentialing Solutions is the nation's premier provider of cloud based software and comprehensive services dedicated to the physician credentialing life cycle. Newport's industry defining, patent pending software and services enables clients to meet the operational and financial demands of a re-defined Credentialing Life Cycle.

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