

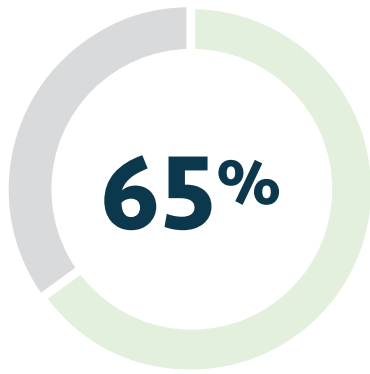


Healthcare Workforce Technology

White Paper

The Business Case for Compensation Technology Amid Growing Demand for Advance Practice Providers





two out of three (65%) medical groups plan to add new APP roles in 2023

Against a backdrop of alarming physician and nursing labor shortages, healthcare provider groups are changing the way they do business. Medical practices are increasingly elevating the role of Advanced Practice Providers (APPs), defined here as nurse practitioners and physician assistants. Today, APPs are delivering a growing share of primary care services.

According to the April 11, 2023, [MGMA Stat poll](#), nearly two out of three (65%) medical groups plan to add new APP roles in 2023. This evolution of care born from unprecedented clinical deficits has a broad impact on healthcare practices. From an operational perspective, revamping clinical staffing and financial planning models is prompting necessary

but arduous and time-consuming administrative headaches.

“As organizations look to establish and reinforce a clinical team-based mindset, many are considering a strategic restructuring of their APP compensation plans,” explains Aarika Cofer, MHA, Vice President, Heisenberg II (HII), Hallmark (HHCS). “APP remuneration is becoming increasingly complex. The days of straight salary will no longer stand the test of time.”

Here we look at why the trend toward revamping APP compensation models is taking hold and why employing automated technology to do so makes smart business sense.

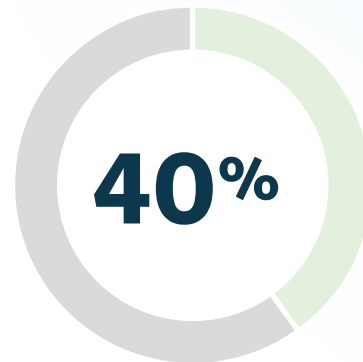
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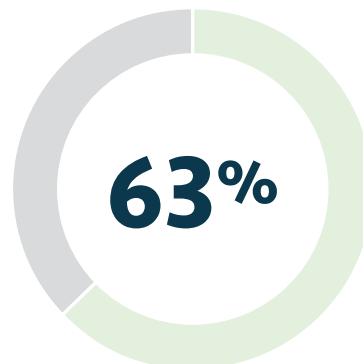
Demand for APPs driving new models of compensation

APPs are among the fastest growing segments of the healthcare workforce. According to the [Bureau of Labor and Statistics](#), all APPs are expected to experience immense growth, an estimated 40%, through 2031. Conversely, data published in 2020 by the [Association of American Medical Colleges](#) estimates that the U.S. could see a shortage of 54,100 to 139,000 primary and specialty care physicians by 2033

Numbers don't lie. There is fierce competition for healthcare talent. In today's marketplace, the right balance between salary and productivity rewards is needed to maintain market competitiveness now and well into the future. In fact, a 2019 survey of APPs, [Gallagher's National Advanced Practice Provider Compensation Survey Report](#), tells us that over half (63%) of practices offer an incentive program for some of their APPs. One half of those organizations offer a productivity incentive. Today, our experience tells us that these numbers are even greater, and the variable incentive models are more complex.



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Reflecting on the evolving provider landscape, Dave Butcher, Chief Growth Officer, Heisenberg II, Hallmark says, “We are excited to be at the forefront of an industry undergoing dramatic change. Through data adjudication and transparency, we are privileged to guide our market-leading clients on strategic technology-enabled approaches to APP compensation transformation.”

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The business case for compensation technology platforms

Adapting, managing, and standardizing APP multi-pronged employment contracts are complicated, costly, and onerous tasks. It is for these reasons that some provider enterprises have resisted responding to current industry trends and new workforce realities. However, maintaining the status quo is no longer tenable. Contract and compensation management challenges can be resolved through modernized automation technology that understands the complexity and variability of provider pay elements in the market.

The business benefits of compensation automation include:



Better business decisions

Data-informed business decisions reduce risk and decrease bias. With automation, facts supersede assumptions and make for more confident and strategic decisions.



Enhanced financial planning

Provider compensation typically accounts for 50 to 70 percent of a medical group's expenses. It's also typically one of the most difficult parts of the financial planning process. Compensation technology enables healthcare business leaders to:

- Ensure calculations are accurate and avoid overpayments that drain profitability.
- Integrate APP demographics to inform compensation logic.
- Benchmark production and compensation data against regional and national surveys.
- Take existing compensation plans – built at the individual provider or the medical specialty level – and perform an ad hoc analysis on any potential new plans to understand the financial impact.



Improved provider retention

Automation provides a heightened level of transparency and demonstrates an employer's commitment to implementing tools that best serve the well-being of its providers. Further, technology enables organizations to tell a data-backed story that benefits everyone. Clinical staff can be sure that their paychecks correctly reflect their contract and their work. Providers access to meaningful compensation data strengthens their confidence in their employer, which in turn improves trust, engagement, and overall satisfaction – the primary drivers of provider retention.



Cost savings

Automation provides superior accuracy. Manual intervention, disconnected processes, and disparate systems can often lead to incorrect information and miscalculations. Without the right tech tools and resources, manual contract and compensation management can be a minefield for errors that can cost employees and organizations valuable time and much money.



Increased organizational productivity and efficiency

Heavily manual processes create a significant burden on operations teams, thus preventing the implementation of optimal compensation strategies and accurate and timely compensation delivery. And the best platforms offer the ability to integrate with other systems, providing seamless interoperability that removes a lot of the pain points that consume compensation administrators' time, energy, and mind share.

APPs' impact on healthcare delivery will be seismic. Straight APP salary models will soon be a thing of the past. Organizations that invest now in this important talent pool will position themselves well to weather these challenging times. To get there in the most painless, efficient, and cost-effective way possible will require technology-enabled resources. Those who will win the battle for APP talent will be well armed with innovative software solutions.

If you're struggling to manage provider compensation, it's time for a change. Please reach out and let us show you how we can help. Visit hallmarkhcs.com.

Hallmark Heisenberg II' s Provider Compensation and Contract Management solution

is the largest and most tenured technology product that uses a patented provider compensation rules engine to calculate pay elements as identified in the provider contract. Our ability to integrate with original data sources allows for real-time automation and multi-level data auditing.

In addition to the benefits outlined in the business case, Heisenberg II Provider Compensation and Contract Management solution can:

- Aggregate information from disparate systems into a single source of real-time truth
- Manage variability and tracking performance by pay element for accurate provider compensation
- Generate payroll and accrual files using processed data
- Eliminate the gap between contract management and compensation calculation
- Automate contract generation based on negotiations
- Provide full control of the entire approval process with detailed workflows and notifications

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“We’ve seen time savings not only from the standardization of contracts using Heisenberg II Contract Management templates, but also through centralization of all contract-related documents within the Heisenberg II platform.”

Provider Liason Specialist
at a large provider enterprise

“Heisenberg II provides a highly reliable, highly effective process for reconciling what you paid a provider and making sure that payment aligns with the contract terms.”

Provider Compensation Consultant
at a large provider enterprise