The Essential Role of the Advanced Practice Providers (APPs) in Today’s Surgical Practice

May 15, 2019
# Meeting Objectives

As demand continues to grow and care models evolve, APP workforce strategies should be tailored to support clinical workforce optimization and organization strategies.

1. **Provide an overview of national APP workforce trends including nurse practitioners and physician assistants**

2. **Describe current challenges in the utilization and optimization of APPs**

3. **Present case studies highlighting the role of APPs in supporting surgical service line goals of increasing access, productivity, and patient and provider satisfaction**

4. **Discuss the surgical service leader’s role in building a culture and structure to support successful integration, utilization and engagement of APPs**
Agenda

1. APP Workforce Trends
2. Optimizing APP Roles
3. Putting Concepts Into Practice
4. Comprehensive APP Strategy
APP Workforce Trends
Health Care Trends Impacting APPs

- Organizations require flexibility in how talent is deployed if care delivery models are to support both fee-for-service and value-based contracts.

- Expected physician shortfall (121,000 by 2030) and poor distribution of physicians and APPs will exacerbate demand in multiple markets.

- Consumers generally rank access as more important than being treated by a physician – increasing both acceptance and demand for APPs.

- APPs are the fastest growing segment of the health care workforce, with 64% of organizations expecting to hire more in the upcoming year.

- Misunderstanding of scope of practice frequently limits full utilization of APPs and prevents the entire clinical team from practicing at “top of license.”

- Physician burnout and APP turnover remains high due to increased demand, resulting in undesired attrition.

Strong Demand for APPs

APPs are one of the fastest growing occupations in the U.S. Labor Force

Projected growth 2016-2026:

- 37%  Physician Assistant
- 36%  Nurse Practitioner
- 21%  Nurse Midwife
- 16%  Nurse Anesthetist
- 13%  Physician

Ranking criteria include salary, job market and work-life balance

Top 100 Jobs of 2019:

1. **Physician Assistant**
2. **Physician**
3. **Physician Assistant**
4. **Physician**
5. **Nurse Anesthetist**
6. **Nurse Midwife**
7. **Nurse Practitioner**
8. **Physician**
9. **Physician**
10. **Nurse Midwife**

Growth from 2000-2016:

- 76%  Physician Assistant
- 50%  Nurse Practitioner

Strong Demand for APPs

Organizations continue to report significant growth in the APP workforce.

Percentage of Organizations Increasing APPs

- **Projected Increase**
- **Actual Increase**

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>63%</td>
<td>57%</td>
</tr>
<tr>
<td>2017</td>
<td>72%</td>
<td>62%</td>
</tr>
<tr>
<td>2018</td>
<td>63%</td>
<td>68%</td>
</tr>
</tbody>
</table>

Increases in Base Pay

- **Projected Mean Increase**
- **Actual Mean Increase**

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Mean</th>
<th>Actual Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>4.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>2017</td>
<td>4.0%</td>
<td>3.4%</td>
</tr>
<tr>
<td>2018</td>
<td>3.6%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>


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APP Vacancy and Turnover

All Organizations – Average Vacancy Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>7.7%</td>
</tr>
<tr>
<td>2015</td>
<td>9.3%</td>
</tr>
<tr>
<td>2016</td>
<td>9.3%</td>
</tr>
<tr>
<td>2017</td>
<td>10.0%</td>
</tr>
<tr>
<td>2018</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

All Organizations – Average Turnover Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>External</th>
<th>Internal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td>2017</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>2018</td>
<td>11%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Example of the Cost of Turnover

External Turnover Rates

- National average:
  - 2017: 12%
  - 2018: 11%

Estimated Cost of APP Turnover

- Direct cost is at least $80,000 per position
  - Direct costs include relocation, sign-on, recruiting, advertising, orientation, onboarding
- Indirect cost is believed to be higher

Projected Hospital Turnover Cost

The 12% external turnover rate applied to APP workforce of 60 results in direct annual turnover of: $576,000

Case Example

Optimizing APP Roles
Potential Barriers to APP Optimization

While state practice acts are believed to be the primary barrier to APP optimization, internal barriers frequently present greater challenges.

- **Organizational culture**
- **Perceived patient beliefs**
- **Additional 15% reimbursement for physician services**
- **Competition for wRVU credit**
- **Contribution of the APP difficult to define**
- **Lack of role definition**
Understanding Patient Perception of APPs

• “In an acute event, I want to see the doctor and then he/she can hand-off to the APP”
• “If they can assign a provider, regardless of title, I trust that the hospital knows what they can do”
• “I have no problem seeing the APP if it frees up the surgeon’s time”
• “Outstanding APPs made room for my son to get in that same day”
• “Some doctors could benefit from APPs and we could have been discharged six hours earlier if they could have been seen earlier”
• “I see that doctors and nurses are on a time crunch, so love that we have an APP that is willing to spend time with us”

# Understanding the Cost of Care

## Potential Cost Per Employee Category

<table>
<thead>
<tr>
<th></th>
<th>Surgeon</th>
<th>PA</th>
<th>RN</th>
<th>X-Ray Tech</th>
<th>Scribe</th>
<th>Office Assistant</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Clinical Costs</strong></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><strong>Personnel Capacity (minutes)</strong></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><strong>Personnel Capacity Cost (rate $/min)</strong></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>
</tbody>
</table>

Assessment of APP Productivity and Work Effort

Growing industry demand is driving an increase in reported data even though organizations have historically struggled to define and track clinical productivity.

- The challenge getting APP productivity data right:
  - **Diverse** models of care
  - Physician incentive plans tend to be **productivity-driven**
  - APP productivity is either **absent, inconsistent or inaccessible**
  - **Lower response** rate compared to compensation data
  - Higher degree of **non-revenue generating** work when compared to physicians
  - **Team-based model** may promote further delineation

- Through our experience and industry knowledge, we know some organizations are developing other measurement systems to assess APP work effort for non-wRVU generating activities (e.g., proxy codes)

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**Reported data are evolving and increasing**

<table>
<thead>
<tr>
<th>wRVUs</th>
<th>Collections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient visits</td>
<td></td>
</tr>
<tr>
<td>Panel size</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Productivity ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>(TCC : wRVU or TCC : Collections)</td>
</tr>
</tbody>
</table>

**TCC** = Total Cash Compensation
APP Productivity

From 2014 to 2018, the number of APP incumbents represented in the reported wRVU data has increased by **180%**

<table>
<thead>
<tr>
<th>Combined NP and PA Specialty and Sub-Specialty Group</th>
<th>n</th>
<th>2018 Median wRVUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surgical</td>
<td></td>
<td>2,070</td>
</tr>
<tr>
<td>Orthopedic Surgery</td>
<td>434</td>
<td>2,185</td>
</tr>
<tr>
<td>OB/GYN</td>
<td>451</td>
<td>2,736</td>
</tr>
<tr>
<td>General Surgery</td>
<td>149</td>
<td>1,633</td>
</tr>
<tr>
<td>Neurological Surgery</td>
<td>119</td>
<td>1,645</td>
</tr>
<tr>
<td>Urology</td>
<td>119</td>
<td>2,158</td>
</tr>
</tbody>
</table>

- According to SullivanCotter surgical specialty data, **44% of the APPs perform procedures**
  - Of those, **60% are practicing as a First Assists**

This client’s survey results showed only 15% of their APPs perceived they were being utilized to their maximum capacity.

**Perceived Utilization**

- **Maximum Utilization**: 15%
- **Significant Utilization**: 33%
- **Moderate Utilization**: 48%
- **Minimal Utilization**: 4%

*Source: SullivanCotter Individual APP Survey*
Understanding Care Delivery Needs

Physicians could see more complex surgical patients and perform more surgeries

<table>
<thead>
<tr>
<th>Type/Service</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>New patient</td>
<td>Physician Only</td>
<td>Physician Only</td>
</tr>
<tr>
<td>Unscheduled/Walk-in</td>
<td>Physician Only</td>
<td>Physician or APP Independent</td>
</tr>
<tr>
<td>Non-billable post-surgical visit</td>
<td>Physician Only</td>
<td>APP Independent</td>
</tr>
<tr>
<td>Inpatient discharge</td>
<td>Physician Only</td>
<td>APP Independent</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Productivity Metric</th>
<th>Before (Average per FTE)</th>
<th>After (average per FTE)</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Avg. Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>APP wRVUs</td>
<td>441</td>
<td>799 607 897 722</td>
<td>▲ 71%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average physician wRVUs</td>
<td>1,783</td>
<td>1,908 1,822 1,746 1,729</td>
<td>▲ 1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total surgical volume</td>
<td>363</td>
<td>430 431 459 395</td>
<td>▲ 18%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Delineating All Care Team Member Roles

Redistributing work effort to appropriate team members allows physicians and APPs to see more patients without adding new resources.

<table>
<thead>
<tr>
<th>Type/Service</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call back non-critical lab values and test results</td>
<td>APP</td>
<td>MA</td>
</tr>
<tr>
<td>Call in or refill prescriptions</td>
<td>APP</td>
<td>RN</td>
</tr>
<tr>
<td>Coordination of post discharge services</td>
<td>APP</td>
<td>Case Manager</td>
</tr>
<tr>
<td>Complete routine patient forms</td>
<td>APP</td>
<td>MA or Case Manager</td>
</tr>
</tbody>
</table>
Putting Concepts Into Practice

Case Studies
APPs Support Organizational Strategies

Optimizing APPs helps to support organizational goals

- Improve Patient Access and Experience
- Increase Volume
- Improve Quality Outcomes
- Improve Margin
## Organizational Goal

**Increase Access**

### Situation

- Growing wait time to first appointment
- All patients scheduled in joint surgeon/APP appointments

### Solution

- Redesigned model of care:
  - Utilized APPs in a split clinic model in which APPs functioned autonomously in clinic while collaborating with physician practices in another clinic or in the operating room

### Outcomes

- Within three months, decreased clinic wait time from three weeks to less than one week
- **20%** increase in surgeon wRVUs and charges
- Increased total patient volume by **17%**
- Decreased patient no-shows by **14%**
Organizational Goal
Improve Quality and Margin

**Situation**
- APP compensation below market, need to increase compensation to recruit and retain APPs
- Greater local competition for patients and providers
- Significant variation in APP utilization across the organization resulting in:
  - Increased number of APPs
  - No increase in volumes
  - Decreased margin

**Solution**
- Re-designed care teams in seven specialties:
  - Identified additional patients that could be seen by APPs
  - Identified barriers to APPs seeing patients
  - Optimized practice workflows
  - Developed standard work expectations for all APPs

**Outcomes**
- Identified over **$2.2 million** in additional revenue due to greater volume from APPs practicing at top of license
- Identified specific quality measurements that APPs could impact and tied to APP incentives
- Improved APP engagement
Comprehensive APP Strategy
Surgical Service Leader’s Role
Retention and Engagement Strategies

Address Burnout

Manage Workload

Recruit and Retain Top Talent

Alignment of APPs

APP Leadership Structure

Optimized and Consistent Workforce

Favorable Culture

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## APP Compensation Trends

<table>
<thead>
<tr>
<th>Base Pay</th>
<th>Recruitment and Retention</th>
<th>Incentive Plans</th>
<th>Productivity Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Actual increases in APP base pay continue to outpace projections</td>
<td>• Recruitment and retention strategies remain a key issue for high-demand APP talent</td>
<td>• Industry pressure for efficient care delivery and reward strategy alignment to overall goals is driving interest in APP incentive plan metrics:</td>
<td>• Desire to demonstrate the value of the APP workforce has led to increasing interest in productivity data:</td>
</tr>
<tr>
<td>• APP compensation is reflecting care model evolution and increasing APP specialization</td>
<td>• Increasing prevalence from 2014 to 2018:</td>
<td>– 33% of plans contain a team-based component</td>
<td>– From 2014 to 2018, the number of APP incumbents represented in the reported wRVU data has increased by 180%</td>
</tr>
<tr>
<td></td>
<td>– <strong>Sign-On Bonus</strong> 44% to 87%</td>
<td>– Value/quality-based metrics are gaining in prevalence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– <strong>Moving Allowance</strong> 30% to 76%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>– <strong>Retention Bonus</strong> 9% to 49%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Other APP Retention Benefits

Growing need for consistency in key benefits across the system

85% CME Expense Allowance
Median $2,500

70% Paid Time Off for CME
Median 5 Days

64% Certification/Licensure Reimbursement
Median Annual Cap $1,000


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Leading organizations align physician and APP activities, compensation and incentives to drive behaviors and performance to achieve organizational goals.

### Incentive Alignment Strategies

<table>
<thead>
<tr>
<th>Shared Patient Panel</th>
<th>Team-Based Productivity Incentive</th>
<th>Shared Risk Indicators</th>
</tr>
</thead>
</table>

### Aligned Physician and APP Activity

<table>
<thead>
<tr>
<th>Primary Care</th>
<th>Related Physician Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Conduct subsequent patient visits</td>
<td>» Increase access</td>
</tr>
<tr>
<td>• Manage peer to peer communication</td>
<td>» More time for patient care</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surgical Specialties</th>
<th>Related Physician Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Manage pre-and post-op care</td>
<td>» Increase surgical volume</td>
</tr>
<tr>
<td>• Manage discharge process</td>
<td>» Reduce readmissions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Population Management</th>
<th>Related Physician Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Complete initial screening on low-risk patients</td>
<td>» Focus on higher acuity patients</td>
</tr>
<tr>
<td>• Manage chronic disease clinics</td>
<td>» Increase patient satisfaction and greater compliance with guidelines</td>
</tr>
</tbody>
</table>
SullivanCotter APP Leadership Roles

**Top APP Leader**

**Description:**
Spends all or nearly all of work time performing management/administrative responsibilities, such as developing and managing overall APP strategy, structures and resources

**Key Information:**
- 78% have a Director title
- 70% oversee more than 250 APPs
- 6 of the top 10 most common responsibilities are strategic

**Middle-Level APP Leader**

**Description:**
Manages multiple APP leaders or responsible for specific APP functions organizationally such as onboarding, education or student placement

**Key Information:**
- 47% have a Manager title
- Most commonly reported duties include APP education and managing other APP leaders

**Clinical-Level APP Leader**

**Description:**
Responsible for clinical oversight with some administrative or daily operational responsibilities of APPs at the individual clinical unit or practice level

**Key Information:**
- 60% have a Lead title
- Average number of direct reports is 14
- 100% of reported responsibilities are operational

*Source: SullivanCotter 2017 APP Leadership Practices and Structures Survey Report*
APP Engagement

55% of medical groups/faculty practices have an APP representative on the Governing Committee.

48% of top APP leaders sit on the Medical Executive Committee.

46% of acute care organizations have an Advanced Practice Committee.

77% of Advanced Practice Committees are involved in credentialing APPs.

## Key Takeaways

As demand continues to grow and care models evolve, APP workforce strategies should be tailored to support clinical workforce optimization and organization strategies.

1. Growth will continue to outpace expectation as competition and demand for APPs increases due to industry pressure for more efficient care delivery.
2. Leading organizations are leveraging APP roles to optimize clinical care teams and positively transform care delivery.
3. Alignment of APP and physician rewards strategies is an important consideration leading to shifts in physician and APP incentive compensation design.
4. With growing overall prevalence and scope of responsibility, APP leadership roles and structures are a cornerstone of effective utilization.
5. A comprehensive APP workforce strategy, including reward strategies, should be customized to the unique needs of the organization.
Presenters

Our team consists of advisors with extensive experience helping premier health care organizations navigate change.

Zachary Hartsell
Principal
312.971.8783 (o)
zacharyhartsell@sullivancotter.com
Expertise:
APP Utilization, Team-Based Care Models and Clinical Leadership

Sarah Kasner
Senior Consultant
612-294-3640 (o)
sarahkasner@sullivancotter.com
Expertise:
APP and Physician Compensation Design
Zachary Hartsell is a Principal in the APP Workforce. He is a certified physician assistant (PA-C) with over 15 years of experience as a provider, advanced practice clinician (APP) leader, administrator and educator. Applying both his broad clinical and operational expertise, Zachary helps organizations to optimize provider team performance through the increased utilization of APPs.

APPs remain the fastest growing segment of the health care workforce as the focus on team-based care intensifies and organizations seek to drive performance through meeting the strategic goals of improving access, quality, service and affordability. With a deep understanding of the evolving health care landscape and the critical role APPs play in enhancing care delivery, Zachary works with clients to integrate, optimize and engage this growing workforce.

Zachary’s experience includes:

- Assessing clinical operations and implementing team-based models of care.
- Maximizing APP utilization and productivity to ensure provider teams operate efficiently and effectively.
- Supporting top-of-license practice to help drive productivity and patient and provider satisfaction.
- Working with organizations to align APP performance-based measures and outcomes with overall strategic goals.
- Providing insight and recommendations on the structure of APP programs, including recruitment and retention strategies, leadership practices, workforce planning, onboarding, compensation and competency assessments.
- Assisting in the development of surveys, tools and other data resources focused on APP utilization and optimization.

Zachary was previously with Wake Forest Baptist Health, where he served as the Administrative Director of the Anesthesiology and Pain service line with oversight of nearly 300 staff, CRNAs and physicians. He was also the system’s first Director of Physician Assistants (PA).

Zachary is currently an Associate Professor at the Wake Forest School of Medicine and a practicing hospitalist PA. Prior to working at Wake Forest, he led the APP hospitalist team at Mayo Clinic in Phoenix and developed the first postgraduate hospitalist fellowship program in the country.

He received both a Masters and Doctorate of Health Administration from A.T. Still University of Health Sciences.
Sarah Kasner is a Senior Consultant at SullivanCotter. Sarah has over 15 years working in the health care industry and has expertise with physician and advanced practice provider (APP) compensation, enabling her to develop team-based care strategies for organizations across the country.

During her career, Sarah has participated in and managed numerous projects within health care organizations. Sarah has worked with various types of organizations, ranging from large health systems and medical groups to stand-alone hospitals. A sample of these includes the following:

- Conducting competitive compensation and productivity market assessments using numerous survey sources for physicians and APPs.
- Assessing physician compensation plans to ensure they are aligned with organizational needs and strategies.
- Conducting, analyzing and presenting survey results related to market data or organization data, while providing insight on areas of opportunities.
- Working with organization and provider leaders to develop provider governance processes in addition to provider compensation philosophies and guiding principles to assist with physician compensation oversight.
- Composing fair market value letters for not-for-profit health care organizations for regulatory purposes.
- Assisting in care delivery workshops with multiple stakeholders within an organization to discover opportunities for efficiencies and cost-savings.

Prior to joining SullivanCotter in 2011, Sarah held multiple roles within UnitedHealth Group including:

- Capability manager helping to define strategies for the health and wellness web portal to optimize the consumer experience, engage consumers in managing their health, and create positive behavior changes.
- Various consulting roles where she analyzed networks and contracts for merger and acquisition activity from a third-party perspective. Provided Department of Justice (DOJ) with extensive analysis and commentary on contracts and rates. She also analyzed the financial impact of rate increases for hospital contracts and assisted in hospital contract negotiations.

Sarah completed her MBA at St. Cloud State University in May of 2007. She is also a graduate of the Carlson School of Management at the University of Minnesota with a Bachelor of Science degree in actuarial science and a minor in finance.