

Covid-19 Effect on Physician Compensation Relationships (Concerns from Our Clients)

As our nation is managing a pandemic, there are many new realities in patient care, contracting and compliance. This new operating environment is creating challenges with physician compensation, recruitment and retention. Coordination of care and access to professional provider resources will be important topics moving forward. Implementing measures to immediately address the short term problems while balancing compliance and establishing precedence are front of mind of hospital and group practice executives. On the topic of physician compensation design and fair market value, Pinnacle Healthcare Consulting clients are dealing many issues. Although we are learning and advancing many new examples to work through every day, we have summarized the top issues we have been discussing in the points below:

- 1. Robust increase in telehealth services** – clearly providing social distancing options to patient care are going to accelerate. Planning efforts include platform decisions, credentialing, licensing payments to affiliate hospitals, payments for physician/APP services and reimbursement parity.
 - As of March 4, 2020, government agencies have taken action relaxing Medicare reimbursement restrictions (e.g., geographic limitations) for telemedicine visits. <https://docs.house.gov/billsthisweek/20200302/BILLS-116hr6074-SUS.pdf>
 - The most recent action taking place yesterday related to cost-sharing guidance. <https://go.usa.gov/xdtXC>
 - CMS has also published a Fact Sheet that outlines the changes to telemedicine services under the new rules. <https://www.cms.gov/newsroom/fact-sheets/medicare-telemedicine-health-care-provider-fact-sheet>
- 2. Impact on productivity models** – elective cases are being cancelled to free up capacity and resources. Patients are delaying physician office visits (in addition to restaurants, bars and movie theatres). Discussion points for our industry include developing appropriate strategies on work redesign and reallocation of professional services. One compliance caveat is what happens if there is advance payment without reconciliation, is there a potential for over payment as elective procedures and production catches up?
- 3. Providers in quarantine** – if a provider showing symptoms or tests positive, what are the compliant and reasonable short term and longer term strategies to plan compensation alongside legal, human resources, compliance and operations.
- 4. Operating expenses** – with office visits being cancelled, clients are thinking through how to work with physicians on rent, supplies, work force, technology and other operating expenses. Better understanding what support can be provided under national emergency situations can help guide some early stage decision making.
- 5. Quality metrics/ bonuses** – this area will be disrupted whether population health measures (P4P, CPC+) or co-management duties/responsibilities are impacted. Will there need to be a change in weighting, new metrics or calculations to support compensation planning?

Be safe and we'll all get through this together. *Contributing professionals – Chris Fete, David White, Drew Hoffman, Anthony Long, Jennifer Cottrell, Curtis Bernstein and Clay Northrop.*