The Real ROI of Automating Physician Compensation Processes

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With tight margins, staffing shortages, and unprecedented levels of physician burnout, many healthcare organizations are rethinking their physician alignment strategies. Increasingly, they are turning to automation to manage the complexities of physician compensation, including contract management, payment calculations, approvals, reporting. But what is the true value of automation? Our infographic breaks it down.

Cost of Processing 100 Physician Contracts

Annual Costs with Manual Payment Processes:

Measurable Costs:	
Staff Inefficiency	$282,500
Calculation and Payment Errors	$180,000
Total Measurable Costs:	$462,500
Additional Costs:	
Compliance Risk	$850,000
Physician Turnover	$200,000
Total Cost	**$1.5M**

Annual Savings of Automating Physician Payments:

Measurable Value:	
Staff Time Savings	$225,250
Reduction in Overpayments	$144,000
Measurable Cost Savings:	$369,250
Additional Value:	
Reduction in Compliance Risk	$680,000
Reduction in Physician Turnover	$150,000
Total Value	**$1.2M**

Automation Brings Value in These Key Operational & Financial Areas

Compliance
1 in 100 hospitals will have a Stark Law settlement over $1M, according to the Office of Inspector General (OIG). Risk like this exists because many organizations are not tightly managing their physician contracts and payments. Automation significantly reduces this risk.

Staff Efficiency
Based on our experience, we estimate there are at least 18 manual steps in paying a physician. With physician payment automation, users can expect up to 80% time savings on all processes they automate.

Payment Errors
Based on a nationwide survey of physicians we conducted, nearly 70% of physicians distrust the accuracy of their payments due to a lack of transparency, errors, and cumbersome process. Automation addresses this issue, restoring trust by ensuring accuracy and transparency with easy payment processes.

Physician Satisfaction
According to an Healthcare Financial Management Association (HFMA) survey, 55% of physicians reported spending 1 to 3 hours per day on admin work unrelated to patient care or EHRs. 83% of physicians agreed that better technology to automate administrative work would help improve productivity.

Physician Spend
An average community hospital can spend approximately $100M a year on their total physician expenditure (or spend). Hospitals need ongoing insight into this spend to optimize alignment with their business goals.

10 Ways Automation Streamlines Physician Compensation Processes

Automation has the power to revolutionize your approach to physician compensation, delivering both financial and operational ROI. Specifically, automation can help you streamline critical processes in two key areas of your compensation strategy: establishing a comprehensive physician data repository and ongoing management of your physician arrangements and payments.

Physician Data Repository Setup:

#1 REVIEW: Can help Reviews physician compensation plans and contracts, with insights on compensation plan guardrail benchmarking and new policies to standardize and streamline your approach.

#2 MAPPING: Maps and executes workflows, responsibilities, and data feeds for efficient transfer of information between systems.

#3 PROGRAMMING: Creates a single physician data repository that stores all critical physician contract terms and payment information, acting as one source of truth for your organization.

Ongoing Management:

#4 REQUISITION: Manages new contract requests and ensures guardrails are enforced.

#5 DOCUMENTATION: Provides access to all documentation to support physician payments and manage accruals, including wRVUs, collections, time logs, shift schedules, and invoices.

#6 CALCULATIONS: Calculates appropriate payments automatically and ensures they're within scope of the contract.

#7 APPROVALS: Streamlines approval process, so your team doesn't have to chase anyone down when it comes time to confirm accuracy of documentation.

#8 COMP STATEMENTS: Physicians compensation statements at the click of a button to physicians.

#9 REPORTING: Provides visibility into spend, benchmarking, FMV, forecasting, comp plan design, payment, etc.

#10 CONTRACT REVIEW & ENGAGEMENT: Reviews contracts compared to performance and helps organizations leverage that information to engage with their physicians.

This is where contract management systems often fail, and where most compliance violations occur.