MDRANGER

What Are Hospitals Spending on Physician Contracts?

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Benchmarking individual physician payment rates helps to ensure compliance with Stark and AKS. Assessing whether each contract falls within acceptable market ranges is relatively straightforward. However, determining if your organization's **overall** payments to physicians are too high is more complicated.

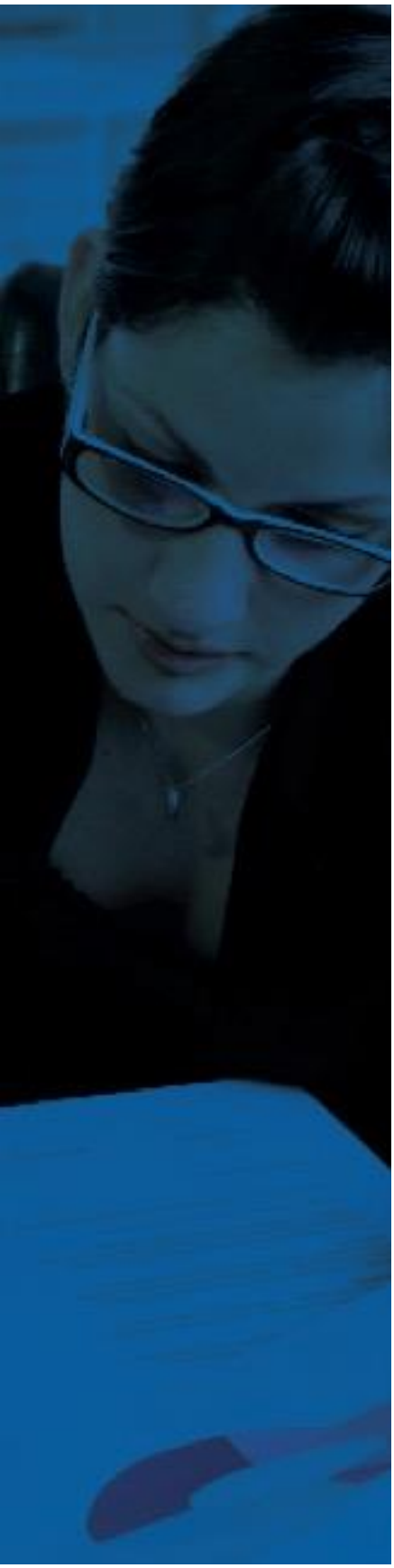
MD Ranger publishes Total Facility Physician Payment Benchmarks so that hospitals and health systems can determine if overall spending on physician contracts is in-line with peers. These benchmarks can help a hospital or health system identify opportunities to reduce costs, address or document outliers, or revise payment policies.

Why Facility Total Payments Matter

Benchmarks on total payments to physicians by hospitals are hard to find. MD Ranger collects comprehensive physician contract data every year from each subscriber. Data includes payments for all non-employment contracts, including medical direction, administrative and leadership services, call coverage, hospital-based services, and diagnostic testing. Every year, in addition to producing more than 250 individual service benchmarks, we calculate each subscriber's total estimated payments and number of positions for physician services and produce a set of total facility benchmarks. The benchmarks include total physician payments as well as total payments for call coverage, medical direction, and hospital-based services.

Facility total benchmarks can be used to make powerful observations at both the facility and the system level. While it is relatively straightforward to determine if you are paying too much for a single medical directorship position, it is trickier to demonstrate that your organization pays too much for medical directorships in total. For example, compliance risks could be hidden by paying for too many medical directors. MD Ranger benchmarks provide guidance on industry standards, as shown below:

Number of Paid Directorships and Administrative Positions					
Service	Number of Positions				
	1	2	3	4	5+
Cardiology	89%	11%	0%	0%	0%
General Surgery	93%	0%	7%	0%	0%
Orthopedic Surgery	100%	0%	0%	0%	0%
Pathology	79%	16%	5%	0%	0%

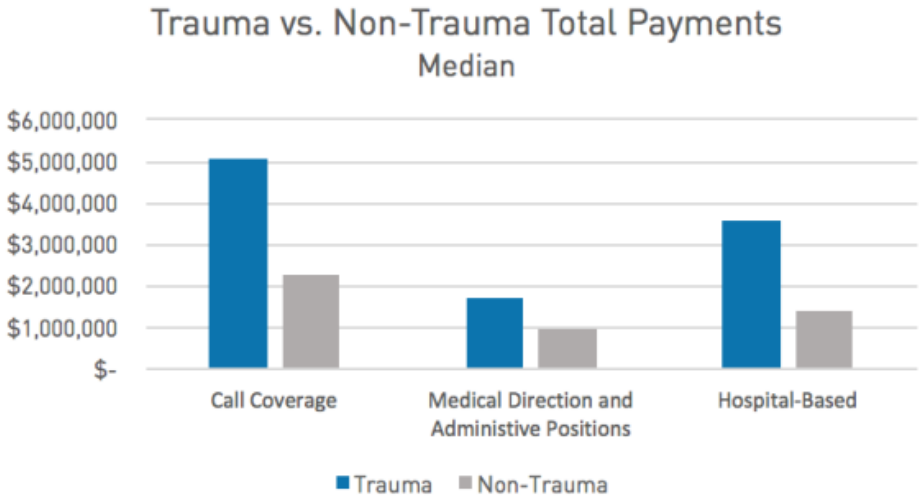


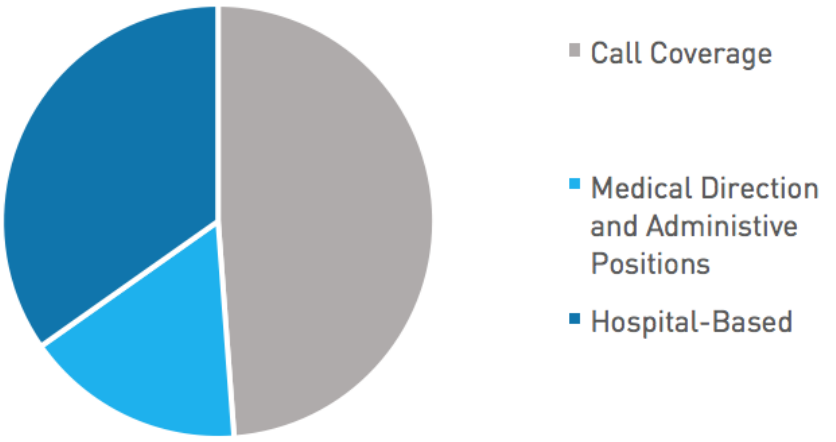
About the Benchmarks

Facility Total Payment Benchmarks are based on the estimated annual payments of physician contract terms that contain maximum payment terms. Benchmark values are conservative because they do not include payments that are made for contracts for which actual payments cannot not be estimated, such as income guarantees for some hospital-based services (rates are included if actual hospital payments net of collections are reported to MD Ranger). Of these services, Hospitalists, Intensivists, and Anesthesia are most likely to have guarantees: 18% of Anesthesia contracts have unit or collection guarantees; 15% of Critical Care and Hospitalists contracts are income guarantees. The benchmarks don't include payments for services without a limit, such as per meeting payments, teaching services, or medical directorships with a stated hourly rate but no maximum hours. Nonetheless, the Facility Total Benchmarks provide insight into the scope and type of payments made by hospitals with different characteristics such as size and trauma status.

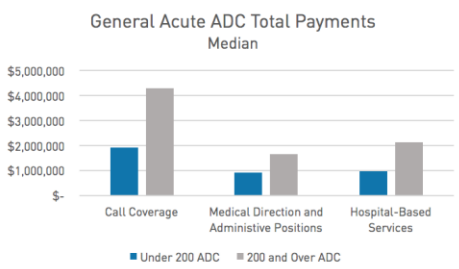
Key Takeaways from MD Ranger's Total Facility Benchmarks

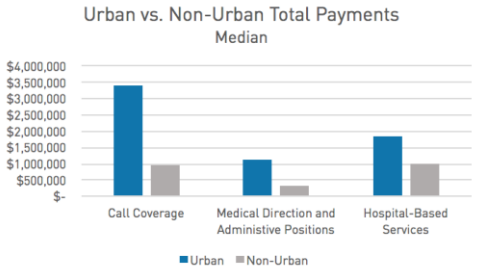
The benchmarks demonstrate the stark differences in physician payments between trauma and non-trauma hospitals. On a contract-by-contract basis these differences can be observed in the MDR service benchmarks as well. Trauma centers pay on average 32% more for call coverage agreements. However, these payment differences don't fully account for higher facility payments because trauma centers tend to have more positions covered in the ED as well as more medical directorships, thus explaining the much larger differences in facility-wide benchmarks.

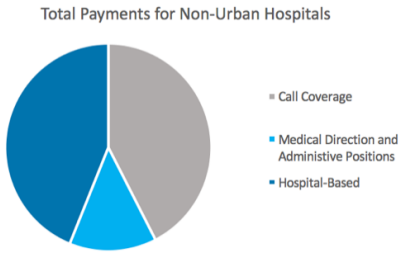


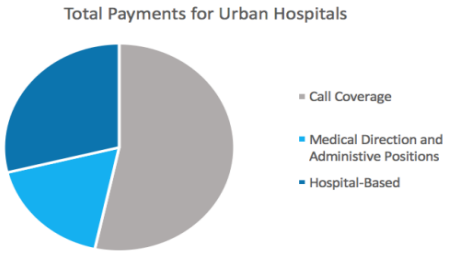


Urban and non-urban facilities also differ significantly. The differences appear to be largely explained by hospital size since many rural facilities are under 100 beds. With such different payments for facilities of different characteristics, it is important to use the most appropriate benchmarks. MDR characteristics include trauma, urban/rural, bed count, ADC, and DSH percentage.



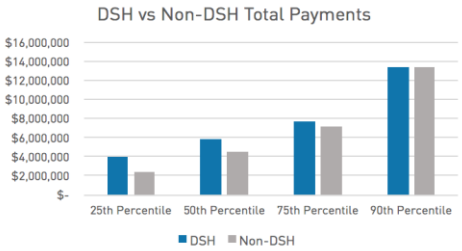


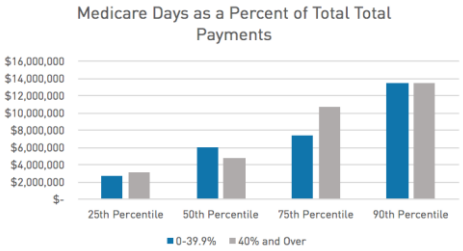




Many hospitals and healthcare organizations believe that payer mix, in particular poor payer mix, influences how much physicians are paid. When we analyze payment rates by service, we see no statistically significant differences in payer mix. This is likewise reflected in the facility-wide benchmarks: hospitals with DSH percentage of more than 40% are slightly, but not significantly, higher. Similarly, hospitals with a

high Medicare percentage are not paying significantly more than peers but show more differences around the 75th percentile.





If you are an MD Ranger subscriber, accessing MD Ranger's Total Facility Benchmarks is easy. Our Hospital Analytics tools provide graphic reports and tables as well as an Executive Summary that can be used for strategic analysis, budgeting, and audits. The tools and benchmarks are available through our secure web portal. Health systems and multi-facility providers also get an array of graphs and tools to compare facilities, both as a whole and for individual services. If you are interested in learning more about this special report, please email us at info@mdranger.com.

Need help? MD Ranger experts are here to answer questions and guide you to resources.

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