

2024

Charting the Course

Trends & Strategies in Provider Compensation

Prepared By

American Association of Provider Compensation Professionals

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Letter from the Board



As the Board of the American Association of Provider Compensation Professionals (AAPCP), we are delighted to share the remarkable growth and success our organization has experienced over the past four years. Our community of professionals dedicated to advancing provider compensation and workforce strategy has flourished, reflecting the increasing importance and complexity of our field.

When we first convened, our membership was comprised of 40 organizational members. Today, we proudly count over 200 organizational members among us, alongside more than 1,000 individual members. This diverse and dynamic group includes consultants, lawyers, and valuation experts from every major firm, all united by our shared commitment to excellence and innovation in provider compensation.

Our annual conference is a testament to this growth and the value our members find in the AAPCP. In just three years, attendance has soared from 90 participants to over 300. This incredible expansion underscores the vital role our conference plays in fostering knowledge exchange, networking, and professional development within our industry.

As we continue to evolve, we are excited to announce our upcoming fall virtual conference, focusing on Advanced Practice Providers. This event promises to deliver cutting-edge insights and practical strategies tailored to the unique challenges and opportunities faced by Advanced Practice Providers today.

Looking ahead, we are thrilled to invite you to our next national conference, scheduled for April 23-25, 2025, in Nashville. This gathering will offer an unparalleled opportunity to connect with peers, learn from industry leaders, and shape the future of provider compensation and workforce strategy.

We encourage you to join us on this journey as we expand and enhance our professional community. Your participation and engagement are vital to our continued success and the advancement of our field. Thank you for your ongoing support and commitment to the AAPCP. Together, we are building a brighter future for provider compensation professionals everywhere. *AAPCP Board - Eric Leafgreen, Alex Krouse, Brian Newell, Samantha Brower, and Autumn Warden (Not in Picture)*

200+

Healthcare Organization Members

1,000+

Individual Members From Across the Industry

500,000+

Providers Managed by Our Members

Conference Overview: A Gathering of Experts



The AAPCP National Provider Compensation and Workforce Strategy Conference is the epicenter of national leaders in this space.

Our 2.5 day conference allows individuals to learn from one another, network, and strategize about advancing our work. With large group sessions, small group breakouts, and workshop led presentations, attendees learn from the experts in the provider compensation space.

What Attendees Had to Say

- "This conference is a community, and if you work in the provider compensation and provider workforce industry you will love being part of it." *Jon Morris, Trinity Health*
- "Attending the AAPCP Annual Conference is invaluable for networking with provider compensation leaders, accessing and understanding shifting market trends, and for staying current on the most recent regulatory guidance in this space." *David Kruse, Piedmont Health*
- "Provider compensation models are consistently evolving, and it is important for provider compensation professionals to keep up with emerging trends and strategies. We had a great time interacting with fellow compensation professionals and look forward to next year!" *Nikki Jacobsen, HealthCare Appraisers*
- "This is the only conference that truly focuses on provider compensation to a degree that you will expand both your knowledge and your network." *Stuart Baugher, CommonSpirit Health*
- "This conferences takes real-world examples and provides practical and actionable use cases that I can take back and act on immediately within my organization." *Stephanie Chambers, Akron Childrens*

150+

Organizations Attended

300+

Individual Attendees

80%

Work in Healthcare
Organizations

The Community Experience

Partner Perspective

Arika Cofer, Hallmark Health Care Solutions



The AAPCP National Provider Compensation and Workforce Strategy Conference increases the value of industry education exponentially year over year. This year, the conference focused on practical topics such as collaborative care model incentives and regulatory compliance. The discussions shed light on the real-world impact of evolving regulations on compensation practices, and many sessions offered strategies for navigating these changes while ensuring compliance and fairness in compensation models.

Another (ongoing) focal point was the gradual shift towards value-based care incentives. However, this year highlighted that value-based reimbursement models have not fully matriculated as primary funding sources among health systems. Therefore, hybrid approaches to compensation models allow for value-based care performance while mitigating financial disruption.

Building a Community

An example of this was a session on the implementation of a panel model within a fee-for-service environment. Representation from CentraCare and ECG shared best practices for implementing panel models effectively to balance workload distribution, incentivize collaboration, and enhance patient care delivery while maintaining fee-for-service payor contracts.

My favorite session of the conference was not one on provider compensation at all, but the keynote session, *The Human Margin—The Foundations of Trust*, brought by Dr. Katherine Meese. Dr. Meese focused on ten topics in work life that matter the most to professionals. While the message was geared toward physicians and healthcare administrators, the lessons were applicable to leaders of any industry as a tool for building a culture of trust and engagement.

Overall, each year AAPCP provides a platform for market professionals to tell their stories of strategic wins and misses so that other organizations can learn from their experiences. These sessions, small groups, and even social events were full of collaborative thought and shared learning that only continues to enhance provider service operations, resulting in a better-supported clinical workforce and optimized patient care.

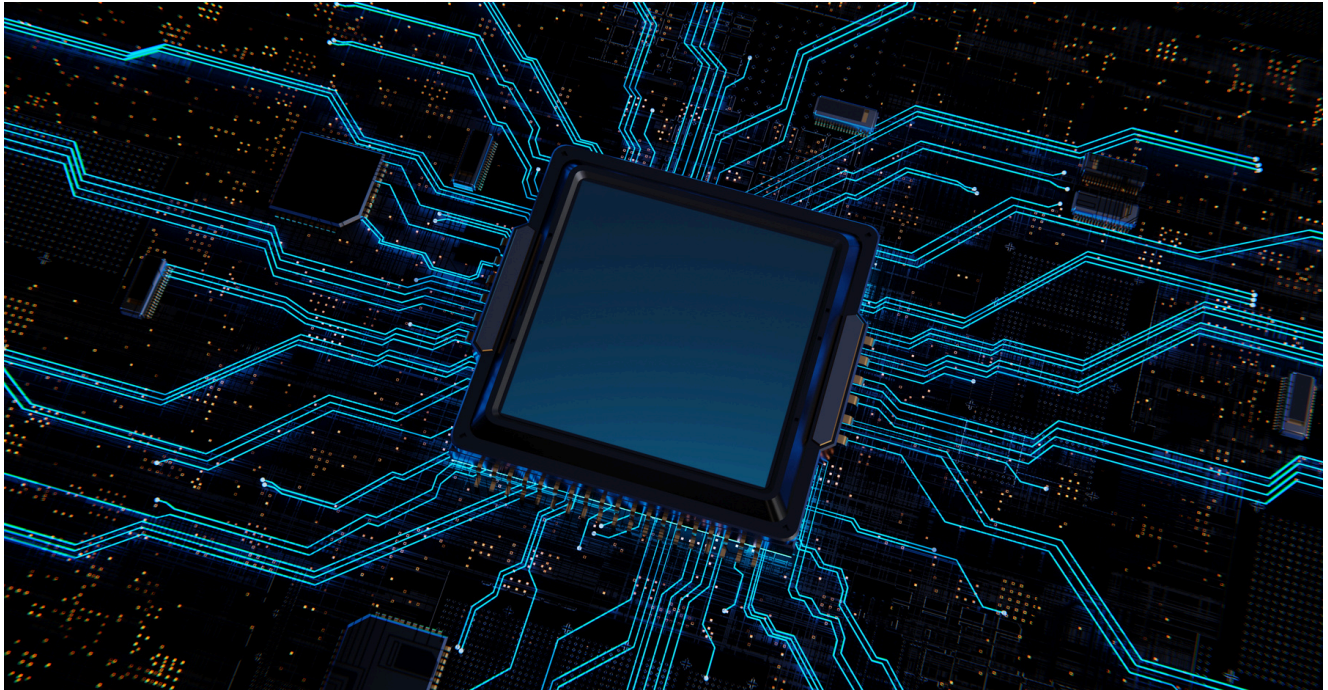
How Likely Are You to Attend Future AAPCP Events?

94%

of Attendees Stated They Would Attend Future Events!

Artificial Intelligence

Partner Perspective
Shelly Slowiak, Clinician Nexus



Provider compensation professionals are astutely attentive to the changes AI is prompting in health care. A poll conducted during the 'AI Revolution' session at AAPCP's recent annual conference indicated that the majority of participants believe AI will either significantly affect their work or be useful in their roles in the future. With this in mind, provider compensation professionals need to consider the potential benefits of AI. We must engage with organizational stakeholders early on to determine the way forward – including how to investigate, evaluate and utilize AI within our line of work.

Use Cases

The conference session highlighted several high-profile use cases – such as calculating productivity pay, forecasting future compensation expense and monitoring compensation for compliance – that will require significant administrative oversight. While there is still much to be learned about how AI may affect our roles, we know it can help to drive value. Defining goals at the outset, ensuring the application of high-quality data, and undertaking a proper analysis of the results will position us well for the appropriate use of AI in the future.

Attendee Data

Percent of Attendees Using AI

56%

Percent of Attendees Believe it Will Revolutionize Provider Compensation

49%

**Based on 52 Provider Compensation Professionals at the AAPCP National Conference*

Team Based Models

Partner Perspective

Matt BonDurant, ProCARE Portal



The "Advancing Team-based Care: Exploring Compensation Models" sessions, moderated by Brent Lawles from OSF Healthcare and Matt BonDurant from ProCARE Portal, focused on how organizations use compensation to foster and reward teamwork and collaboration. With 25 attendees from provider organizations, many with over 1000 providers, the discussion was guided by a pre-survey.

Key Insights and Definition:

- Team-based care compensation was collectively defined as the use of incentives to reward teamwork and collaboration across specialties, provider types, and organizational levels. This model ties compensation to measures such as quality, productivity, access, and risk but attributes them to groups rather than individuals.
- The aim is to improve health outcomes, redistribute volume, promote collaboration, and enhance relationships, especially between APPs and physicians.

Importance and Application:

- The importance of transitioning to team-based care was rated 6.9 out of 10.
- While primarily applied in primary care, there is a growing interest in extending these models to other specialties.

Attendees noted there were several barriers to implementing more strategic team-based compensation models. Those include strategic barriers such as organizations understanding the value proposition and securing approval. Further, accessing and maintaining data appeared to be a significant barrier. Finally, managing and implementing team-based models can be difficult to execute.

Additional Survey Insights:

- Current Use: Only 25% reported more than 5% of compensation based on team-based measures, but 40% are working to implement them.
- Pooled Productivity and Team-based Quality: Over 60% had these components, but other elements like team panel, access, and risk were less common.
- Productivity Dominance: 85% reported productivity as the majority of incentives, with 45% having over 90% of compensation based on productivity.
- Desired Shift: 75% of participants believe productivity should account for less than 75% of compensation, indicating a desire to emphasize team-based measures more.

Optimizing the Professional



Pictured: Katherine Meese

In a keynote session, Dr. Katherine Meese, co-author of "The Human Margin," emphasized the importance of involving providers in compensation discussions and addressing their well-being. Since 2020, over 334,000 clinicians have left the workforce, with many remaining ones experiencing burnout and disenfranchisement due to perceived inequitable compensation and distrust in administrative leadership. Dr. Meese offered several strategies to rebuild this trust:

- Pursue Equitable Financial Arrangements: Ensure fairness in compensation among similarly situated providers to foster psychological safety and reduce burnout.
- Communicate Early and Often: Maintain clear, consistent communication across all levels, especially involving middle managers in relaying key messages.
- Recognize Model Behavior and Results: Regularly acknowledge and celebrate the achievements of provider colleagues to boost morale and align with organizational values.
- Apologize and Forgive: Practicing apology and forgiveness improves job satisfaction and organizational performance.

In a keynote session, John Lowry, author of "Negotiation Made Simple," highlighted two essential traits of effective negotiators: ambition and empathy. Ambitious negotiators diligently prepare for negotiations, gathering key facts, background, and data to understand both sides of the discussion. Empathetic negotiators grasp the true needs of their counterparts, building trust and stronger relationships. For provider compensation professionals, these concepts are crucial. Thorough preparation and empathy foster trust and understanding, ultimately enhancing relationships with providers.

250+

Attendees at Our Annual Virtual Conference

First

Industry Credential Developed in Compensation

Largest

Provider Compensation Conference in History

Advancing the Profession



Pictured: AAPCP Credential Committee (Eric Leafgreen, Greg Endicott, Tim Smith, Richard Romero, and Jim Carr)

Centralized Departments

As financial arrangements between health systems and providers grow in volume and complexity, leading delivery systems are prioritizing the optimization of structures and processes to manage these relationships effectively. Establishing a competitive, sustainable, and compliant compensation framework that aligns health system objectives with provider incentives has become a key strategic focus.

Centralized Compensation Management:

- Systems are transitioning from decentralized compensation management, where tasks are spread across HR, Finance, Legal, Compliance, etc., to a centralized business unit.
- This unit is led by experts in compensation compliance, model design, competitive intelligence, change management, analytics, and relationship management.

Industry Credential

AAPCP's Provider Compensation Credential:

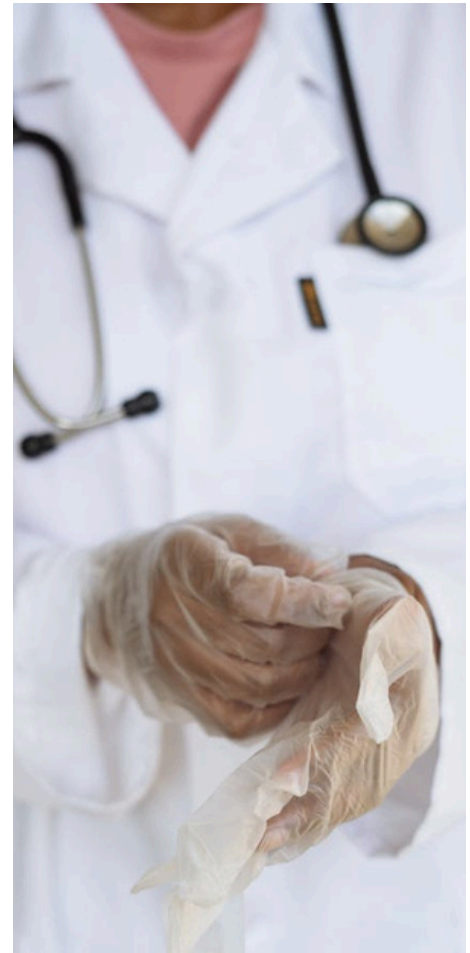
- Recognizing the need for specialized skills, the American Association of Provider Compensation Professionals (AAPCP) is developing a formal curriculum and competency assessment for a Provider Compensation Credential.
- This credential will provide a comprehensive body of knowledge related to compensation and valuation, enhancing the quality of industry work.
- The curriculum will include background reading, six modules (each with 5-6 courses), and written exams to measure competency and retention.
- The initial modules will be available in Fall 2024 for both industry and consulting professionals.
- The certification will require annual continuing education to keep professionals current with industry developments.

Industry Risk – Top of Mind

Personal Performance

As organizations adopt team-based care models and reimbursement methodologies like split/shared billing, compensation for personally performed services has become increasingly complex and scrutinized by the Department of Justice. **An expert panel discussed best practices for wRVU attribution, emphasizing that organizations should attribute wRVUs based on the rendering provider rather than the billing provider.** This approach aligns wRVU attribution with third-party survey methodologies, ensuring that providers are compensated accurately for their personal labor.

The panel also highlighted a cautionary tale involving ChristianaCare's recent \$42.5M settlement related to alleged referral inducements through inappropriate services offered to independent physicians. ChristianaCare's employed Advanced Practice Providers (APPs) allegedly provided free on-call coverage and pre-/post-operative care to independent surgeons without proper reassignment, violating global billing procedures. Conference attendees were advised to review the support their employed APP workforce provides to referring physicians to ensure compliance and avoid similar pitfalls.



\$345M Settlement

A panel of legal and valuation experts analyzed the \$345M settlement by Community Health, which allegedly involved "defensive" practice acquisitions. These acquisitions led to significant financial gains for newly acquired practices based on referrals, ancillary revenue, and compensation rates that exceeded fair market value limits. Community Health defended these arrangements using third-party fair market value opinions. However, it was alleged that Community Health provided inaccurate data to advisors, shopped for favorable opinions, ignored key advice, and bypassed internal review processes. The panel emphasized that **third-party opinions do not shield a system from liability if based on false pretenses.** Compensation professionals must ensure accurate data, thorough internal reviews, and proper documentation to support fair market value and compliance.



Sustainability Questioned



Loss Per Provider

Organizations are struggling to demonstrate the value of their Physician Enterprise amid rising operating losses in ambulatory operations, often measured as "loss per provider." Recent AMGA data shows this metric increased by 9% last year, raising concerns among executives. While this loss metric questions the value added by certain areas of the health system, it is often flawed due to variations in cost accounting and overhead allocation methods.

Evaluating performance should consider these issues alongside the loss per provider metric. Despite its strategic value, medical groups must avoid basing compensation on the volume or value of referrals generated by providers as this would be a violation of Federal law.

Inpatient Subsidies

Many hospitals face increasing subsidies for Physician Services Agreements (PSAs) in specialties like Anesthesiology and Emergency Medicine due to Medicare rate changes, the No Surprise Act, rising specialist compensation, and specialist shortages. This has led some hospitals to consider employing their own specialists. However, health systems should first assess if their current arrangements are optimized and meet program needs.

They should develop a comprehensive business case evaluating key metrics such as compensation per wRVU, staffing mix, encounters per FTE, and FTE requirements. Aligning incentives between the health system and contracted physicians is crucial for objectives like on-time starts and revenue cycle performance.

Engaging Providers

Partnership with Providers in Compensation Model Design and Governance

A prevailing recognition across several sessions was the challenge and the importance of engaging providers in compensation redesign. A key success factor for compensation model redesign is a provider-driven governance structure for vetting new ideas, prioritizing investments, and reacting to new ideas. A robust governance structure decentralizes decision-making from a single individual (e.g, Medical Group President) towards a decision-making body of providers who can ultimately be champions and peer educators of new compensation related concepts. Conference attendees were encouraged to reflect on the question: How do we bring providers back to the table to discuss these important concepts about having a shared interest in driving value for their respective organization? Given the multitude of alternate employment scenarios for providers (private equity, virtual care, locums) and a growing physician shortage, how can organizations partner with their largest value driver to design a fair, transparent process to accomplish shared objectives?



AAPCP Publications

10
Annually

AAPCP Reports

6
Annually

AAPCP Data and Research

12+
Annually

Digging Into The Data

Benchmarking Practices

The AAPCP surveyed conference attendees while participating in small group discussions. Over 10 groups of 25 to 30 individuals met to discuss these key issues.

66%

of participants rely on a broader economic analysis to justify compensation.

82%

of participants believe to clearly interpret survey data in 2025 and beyond, survey orgs must exclude G2211 code data.

80%+

of participants utilize a weighted blend of at least AMGA, MGMA, and SullivanCotter surveys.

Pay Transparency

25%

of participants have policies in place to address pay transparency.

70%

of participants have established a formal internal process to review pay equity across the provider network.

50%+

of participants in states with pay transparency laws where they felt the reported data is useful in planning.

Negotiation and Retention

50%

of participants utilize both competitive and cooperative negotiation strategies.

81%

of participants are within an organization that does not have a formalized negotiation process.

80%+

of participants felt that compensation was the key driver to provider retention.

Provider Workforce

50%

of participants have a process to develop their workforce strategy.

63%

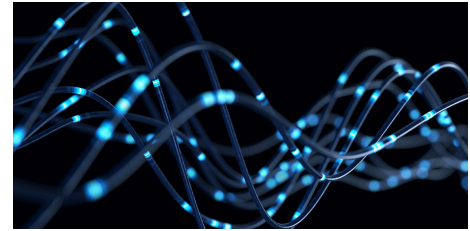
of participants stated their department is involved in this process.

38%

of participants have an APP strategy to mitigate the physician shortage.

Join the AAPCP Today

AAPCP Provider Compensation Survey and Data Week



Dates

Location

August 26-29, 2024

Virtual Conference

Advanced Practice Provider Strategy: Alignment, Innovation, and Optimization



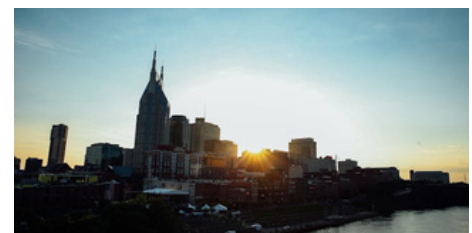
Dates

Location

September 23-26, 2024

Virtual Conference

AAPCP National Provider Compensation and Workforce Strategy Conference



Dates

Location

April 23-25, 2025

Nashville, TN



American Association
of Provider Compensation Professionals®

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