

ARTICLE

Accelerating APP practice: How to design incentive models that drive organizational performance

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Health systems and medical groups have been doubling down on care model redesign to elevate the role of advanced practice providers (APP) but have been slow to redesign APP compensation models—even as APPs now make up one-third of the provider workforce in many organizations.¹

More than ever, organizations are positioning APPs for “top-of-license” practice to address access challenges, meet coverage needs, and generate revenue. Despite the sheer size of the APP workforce and their elevated roles, many organizations have not yet aligned incentive models beyond standard hourly or salary pay. In one survey of medical group leaders, nearly 40% reported APPs did not have any specific compensation incentives.²

To achieve the goals of their redesigned care models, organizations need to similarly update their compensation models to include incentives aligned with the organization’s expectations and performance goals for APPs and combined care teams.

The evolving role of APPs has made incentive models challenging

Several related factors have caused the slow uptick of incentive-based compensation models for APPs. They include:

- **High variation in APP roles:** Two APPs working side by side in the same clinic or on the same unit can have different roles and responsibilities. This variation is based on their level of experience and the autonomy their physician collaborators provide.
- **Poor attribution of activity:** Partially related to the high variation in role, the data and metrics needed to base APP incentives on is often poor. APP activities are often not “counted” (e.g., post-op visits, patient call backs, and peer-to-peers) at all or instead are counted toward the physicians’ activity.

- **Perceived and real competition between APPs and physicians:** Physicians can see APPs as encroaching on their practice rather than as accelerating access to care.

APPs support incentive plans

When we surveyed APPs at an academic medical center that had experimented inconsistently with APP incentive models, 80% requested the organization expand existing incentive plans and establish plans in departments where they did not exist. They wanted the incentive plan to include a combination of productivity, access, and quality expectations.

APPs supported establishing performance-based incentive plans, despite the high variation in support they received for their practice. Some were assigned fewer exam rooms, and others had fewer support staff assigned to their patients. But their level of resource support didn't matter. They believed setting expectations for APPs would help raise visibility into their contributions within the institution.

Key elements of a successful APP incentive model

The incentive model design should help overcome these barriers. The model must reflect organizational priorities, desired outcomes, alignment of the APP within the care team, the expected level of individual contributions, and the appeal of the incentives.

Incentive model design considerations



Metrics to consider: The performance-based metrics organizations are starting to deploy are listed below. Notably, these exclude duty pay and overtime.

Because evidence shows that team-based incentives toward a common goal drives strong performance, organizations should consider team-based metrics alongside individual targets to motivate collaboration toward achieving organizational goals—and support the team environment.³ Organizations that implement group incentives need to consistently track where APPs practice—including their care team alignment.



How to start

While barriers to setting APP incentive models can be significant, the following considerations can help overcome these barriers—influencing design and implementation success. A well-functioning APP incentive model can advance care model changes, support performance goals, and boost engagement among

individual APPs.⁴

1. **Create an inclusive design group:** Ideally, design new compensation models (including the incentive components) with active input from APP, physician, and operational leaders.
2. **Develop a positive message:** Introduce incentives as a positive compensation opportunity, implementing them at a limited and affordable scale. Decreases in base compensation are often untenable and may be unnecessary, given rising wages.
3. **Customize the approach:** Determine which organizational goals are a priority for care teams. Recognize that incentives may vary by clinical setting or specialty, in line with specialty-specific opportunities and care models.
4. **Align with physician competition:** Align APP and physician incentives to avoid pitfalls such as inter-team competition for patients and wRVU attribution challenges (which result from variations in care models and interpretation of billing guidelines). These are situations often outside of an APP's control.
5. **Ensure measurability:** Select metrics the organization can measure and regularly report.

Empower your existing provider base to grow your organization

Organizations can no longer afford to ignore the potential of one-third of their provider workforce. As their expectations for APPs increase (i.e., seeing more patients independently and covering more services), so too should APPs' ability to earn greater compensation for their efforts. Used as a tool to motivate practice changes, incentive models can advance the organization's overarching access, operational, and financial goals by motivating individual providers and bringing teams together.

Sources

¹ Chartis analysis.

² Cristy Good, "Making sense of evolving models for advanced practice provider compensation," *MGMA Stat*, August 2023, <https://www.mgma.com/mgma-stat/making-sense-of-evolving-models-for-advanced-practice-provider-compensation>.

³ CIPD, "Incentives and recognition: an evidence review," January 2022, https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/evidence-reviews/incentives-recognition-practice-summary_tcm18-105466.pdf

⁴ Barbara Josephine Martin, "Examining the relationship between nurse practitioner practice setting, practice environment and attitudes about pay-for-performance incentive models," 2020, <https://www.proquest.com/openview/d892761a97157c4b4edc6a465588d579/1?pq-origsite=gscholar&cbl=18750&diss=y>.

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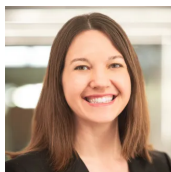
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