

ARTICLE

The 10 essential capabilities for an optimized physician enterprise that drives value

<https://www.chartis.com/insights/10-essential-capabilities-optimized-physician-enterprise-drives-value>

Healthcare organizations that are embracing leading practices are examining an untapped source of value the industry can no longer afford to overlook: turning the traditional physician enterprise paradigm on its head.

The **physician enterprise** is commonly perceived as complex, expensive, and difficult to manage effectively. Today's physician enterprise also faces a turbulent and competitive market with increasing threats from traditional and non-traditional disruptors. Only a mature, optimally performing physician enterprise can effectively navigate this environment.

What is Physician Enterprise?

Any group of physicians and advanced practice providers (APPs) requiring active management for a defined purpose, whether single specialty or multi-specialty, faculty or community, networked or employed, in either ambulatory or hospital-based settings.

Flipping the physician enterprise paradigm means actively optimizing it toward maturity. Those who do so will turn their physician enterprise into a true value generator for their organization, their patients, and the broader community.

For instance, a mature, optimized physician enterprise serves as a driver of:

- Market share/new volume growth **via an exceptional reputation for clinical excellence, industry thought leadership, ease of access, and an exemplary patient and referral experience.**
- Improved outcomes with a reduced total cost of care via value-based care and population health management.

- Reliability, efficiency, and affordability through physician-led clinical variation management initiatives.
- Financial sustainability through effective cost management, revenue capture and retention, and robust contract management.
- Continuous improvement through physician leadership, change management, and effective execution of strategic priorities.

Case Study

It Starts with a Comprehensive Assessment

This case study explores how one large medical group recently assessed its physician enterprise for optimized maturity. It identified strengths to continue nurturing and areas of opportunity to cultivate. This organizational assessment also informed how the health system would prioritize system improvement initiatives.

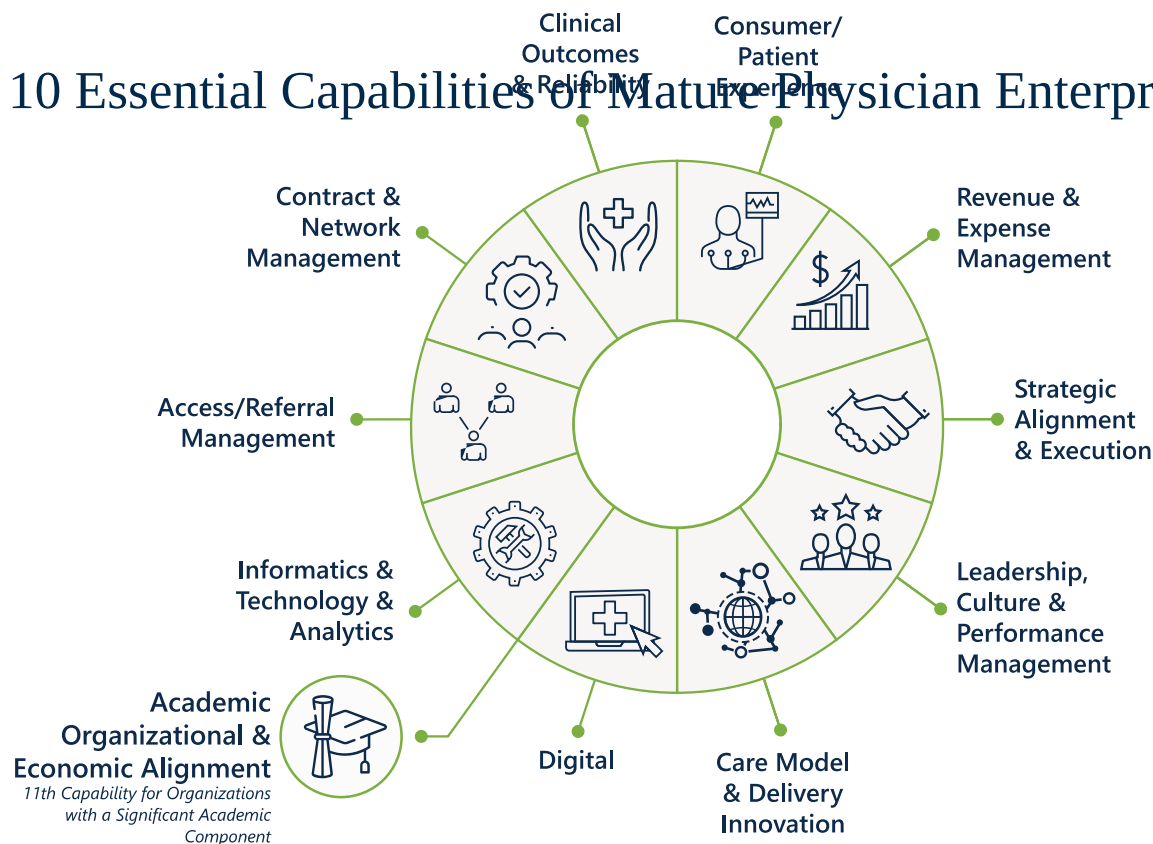
[Read the full case study](#)

Managing Your Physician Enterprise Toward Maturity

Leading healthcare organizations are beginning to actively manage the physician enterprise toward greater maturity by focusing on 10 essential capabilities that drive clinical, operational, and financial value.

Organizations with a significant academic component will also want to add an eleventh dimension around academic performance.

10 Essential Capabilities of Mature Physician Enterprises



The 10 essential capabilities are the things that today's physician enterprise needs to do well. Many of these may seem fundamental (i.e., "Of course we need to ensure quality, advance access, and improve our revenue capture."). But underlying each of these capability areas is a complex set of processes, resources, structures, systems, and cultural norms. Execution is complicated. Moving the needle requires clear intention, leadership focus, defined goals, and active management — as well as a holistic and objective view of enterprise performance.

Physician enterprises will need to progress toward maturity along many, if not most, of these interrelated capabilities to make material performance gains and capture the full value an optimized physician enterprise can produce. For example, an organization may lead the industry in quality and clinical outcomes, but if patients are unable to readily access services, growth and the ability to serve current and potential customers will be limited. Similarly, innovation in care models must be appropriately supported by technology, infrastructure, and efficient workflows to meaningfully impact the provider and patient experience.

In our work around the country, we find that most physician enterprises struggle with many of these essential capabilities and have significant opportunity to advance toward leading practice.

This often comes as a surprise to leadership. **It is easy to have an inflated view of your own organization's performance, particularly if comparing against a low- to mid-level peer group or traditional industry standard that does not account for how quickly the broader market is advancing.**

For example, scoring “well enough” on traditional patient experience and satisfaction survey results, such as the various Consumer Assessment of Healthcare Providers and Systems (CAHPS) surveys or those from vendors like Press Ganey, is necessary but not sufficient in today's fast-moving and consumer-centric environment.

Leading practice in consumer/patient experience means moving from pockets of patient-oriented performance and service standards toward a pervasive patient-first culture and customer service orientation that is consistently demonstrated throughout the organization. In leading practice, this culture drives consumer/patient satisfaction, engagement, and loyalty to the system.

Leaders should take a fresh and critical view of their physician enterprise, and the standards to which they are holding it, in light of where the market is headed and what the future will likely require.

Take a Fresh View of Your Physician Enterprise

An objective, comprehensive assessment that scores your physician enterprise along a maturity scale for all components within each of the 10 essential capabilities can provide insights into current strengths and opportunities. Taking an objective look at the answers to questions such as these can help leaders identify areas requiring further evaluation.

Identifying Areas for Further Evaluation

Clinical Outcomes & Reliability

- Is your organization recognized as best in class with reliably superior clinical outcomes across services?
 - How robust is your clinical leadership?
 - Do you have data-driven, continuous performance improvement?
-

Consumer/Patient Experience

- Does your organization have a patient-first culture, with the consumer/patient experience as a top strategic priority?

- Has your organization defined robust consumer-oriented metrics based on what's important to consumers?
 - What is the organizational commitment to deliver on its consumer vision and targets?
-

Revenue & Expense Management

- Are cost management practices tightly controlled and highly effective?
 - Is there a high degree of centralization of shared services?
 - Is robust technology in place to streamline and facilitate automation of processes and enable effective revenue management and capture?
-

Strategic Alignment & Execution

- Is planning highly coordinated and tied to the enterprise-wide strategic plan?
 - Does the enterprise operate as a group practice with consistent performance, patient experience, and economics across sites of service?
 - Is the physician enterprise viewed as integral to driving broader health system strategy?
-

Leadership, Culture, & Performance Management

- Is there robust and efficient governance, oversight, management, and execution infrastructure in place, incorporating key clinical and operational leadership?
 - Is performance routinely measured for all established metrics and reported with transparency to providers and management/staff?
-

Care Model & Delivery Innovation

- Does the organization employ a physician-led, team-driven approach across the enterprise, ensuring each team member is working at top of training/license?
 - Are the roles and responsibilities of each team member clearly and thoughtfully delineated and consistently followed?
 - Has the organization adopted new care models designed around the needs of specific cohorts?
-

Digital

- Is there a comprehensive, integrated virtual care platform and online scheduling system in place to enhance access to care?
 - Does technology enable personalization of interactions across modalities and sites of care?
-

Informatics & Technology & Analytics

- Are analytics a key driver of strategy development and operational improvements?
 - Does robust technology support clinical performance and decision-making, and streamline automation of processes?
 - Are IT capabilities, capacity, and priorities relentlessly aligned with organizational goals?
-

Access/Referral Management

- Are you seeing strong growth in both new patients and contracted covered lives?
 - Is the enterprise regarded as best in class for referral experience?
 - Are scheduling processes optimized, highly standardized, and appropriately automated for timely, efficient, and patient-centered care?
-

Contract & Network Management

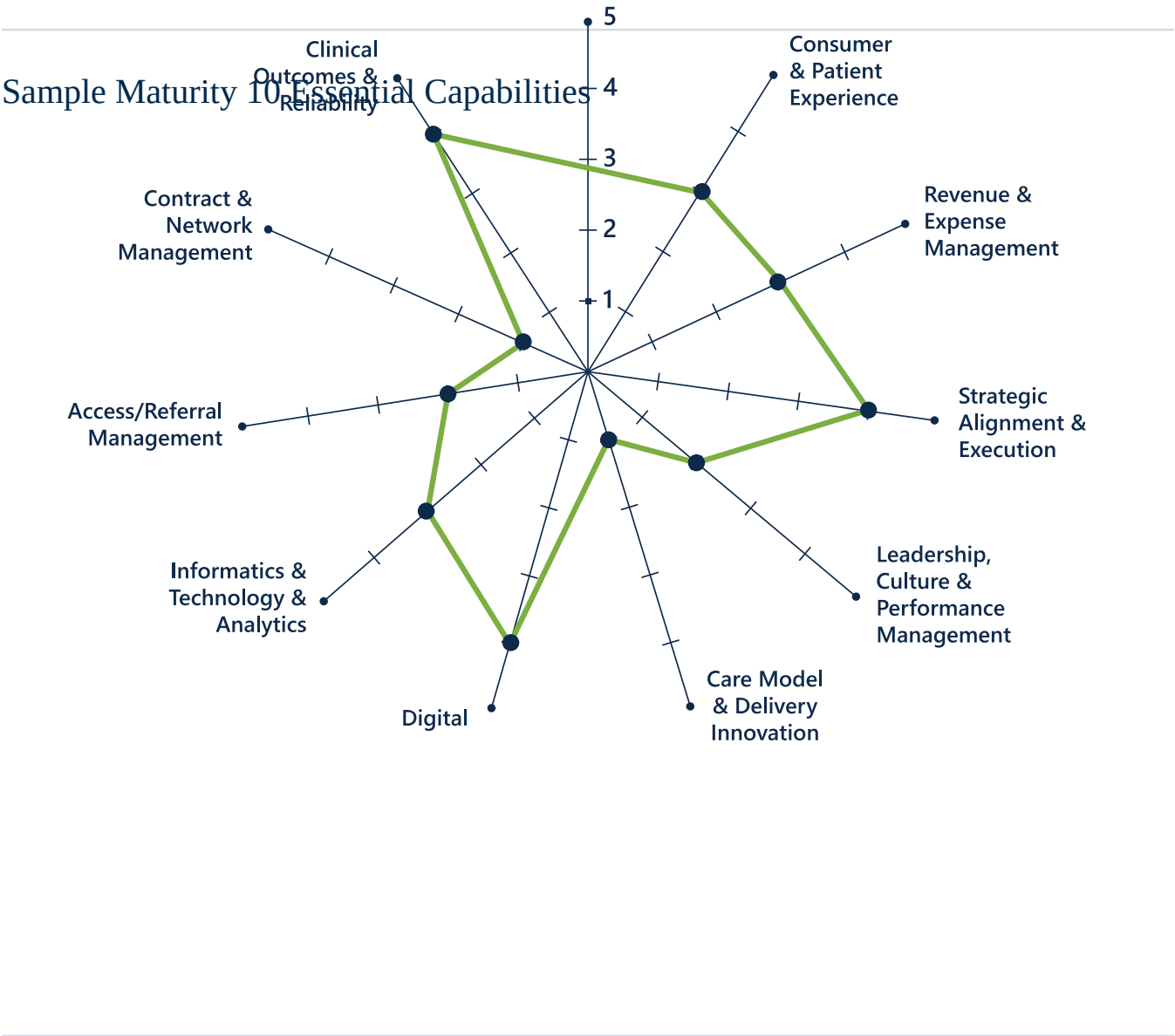
- Do a majority of contracts represent full financial accountability for populations?
 - Is the network optimized for contracted populations' care and capacity requirements?
-

Academic Health Systems

- Are faculty effort and productivity expectations set by the group?
- Is department chair performance meaningfully measured based on achieving group goals?
- Is there a consistent faculty compensation plan across like specialties?
- Is revenue held centrally, with departments managing to budgets for cost and productivity?

Prioritizing Areas for Improvement

After a full assessment, it is very likely that your organization will score at various levels along the maturity scale for different capabilities, as illustrated by the diagram below of a sample physician enterprise assessment.



While we have seen organizations demonstrating leading practices in a subset of these capability areas, very few (if any) organizations are fully mature across all areas. Each organization must weigh investment and resources required against organizational and market dynamics as well as existing strengths and opportunities to identify and sequence improvement priorities.

For example, striving for leading practice in the Contract and Network Management capability may not be prudent for organizations that find themselves in a highly fee-for-service environment with favorable commercial contracts. Similarly, newly formed organizations may determine that working toward advanced

maturity in the Leadership, Culture, and Performance Management capability, although critically important, will take several years.

Once an organization maps out their journey, it will need to be reevaluated regularly as maturity continues to be a moving target.

Progressing Toward a Mature, Leading-Practice Physician Enterprise Requires a Roadmap

Realizing comprehensive value from the physician enterprise requires high-functioning leadership that can manage across multiple capabilities simultaneously, while driving innovation and focused improvement in several areas at any given time. Taking the time to pause and evaluate your organization's strengths and opportunities in a systematic way is a beneficial first step in reassessing priorities after what has been a tremendous time of change for the healthcare industry.

Where to Start: Ask your leadership team to gauge your physician enterprise performance across these capabilities. Are there any surprises? How do the perspectives vary across the team? How do your current strategic or operational priorities align with your self-assessment? Which capabilities may require a deeper dive?

We have found that many health system leaders think their organizations will score higher on a comprehensive assessment than they actually do. It is easy to have blind spots, particularly in areas of traditional strength or rapidly changing industry standards.

Peeling back the layers on each of the essential capabilities can provide meaningful information to steer strategic planning and prioritization of system initiatives.

An objective perspective that helps level-set by bringing in leading practices and a view toward a continuously advancing market and competitive landscape can help organizations guide their modern physician enterprises toward higher levels of maturity and value creation.

Upcoming pieces in this series will delve further into each of these capabilities and provide more insight into how mature organizations operate and what you can do to advance yours. [Chartis understands the complexities of the physician enterprise.](#) We work with clients to identify and realize the value of the physician enterprise, offering comprehensive, solution-based services to support you in your journey to high performance.

Our services

[STRATEGIC TRANSFORMATION](#)

[PERFORMANCE TRANSFORMATION](#)

[DIGITAL & TECHNOLOGY TRANSFORMATION](#)

[CHARTIS CENTERS FOR AI & STRATEGIC INTELLIGENCE](#)

[PAYER TRANSFORMATION](#)

[STRATEGIC COMMUNICATIONS & CHANGE MANAGEMENT](#)

LEARN MORE ABOUT THE AUTHORS



Tonya Edwards, MD
Principal



Michael Tsia
Senior Partner