Unlocking Latent Potential Within Your Total Rewards Programs



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Innovation, Quality
& Leadership Conference

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Your Speakers



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AMGA

Unlocking Latent Potential in Your Total Rewards Program



Brandon Mouton | Tim Kelly April 21st, 2022

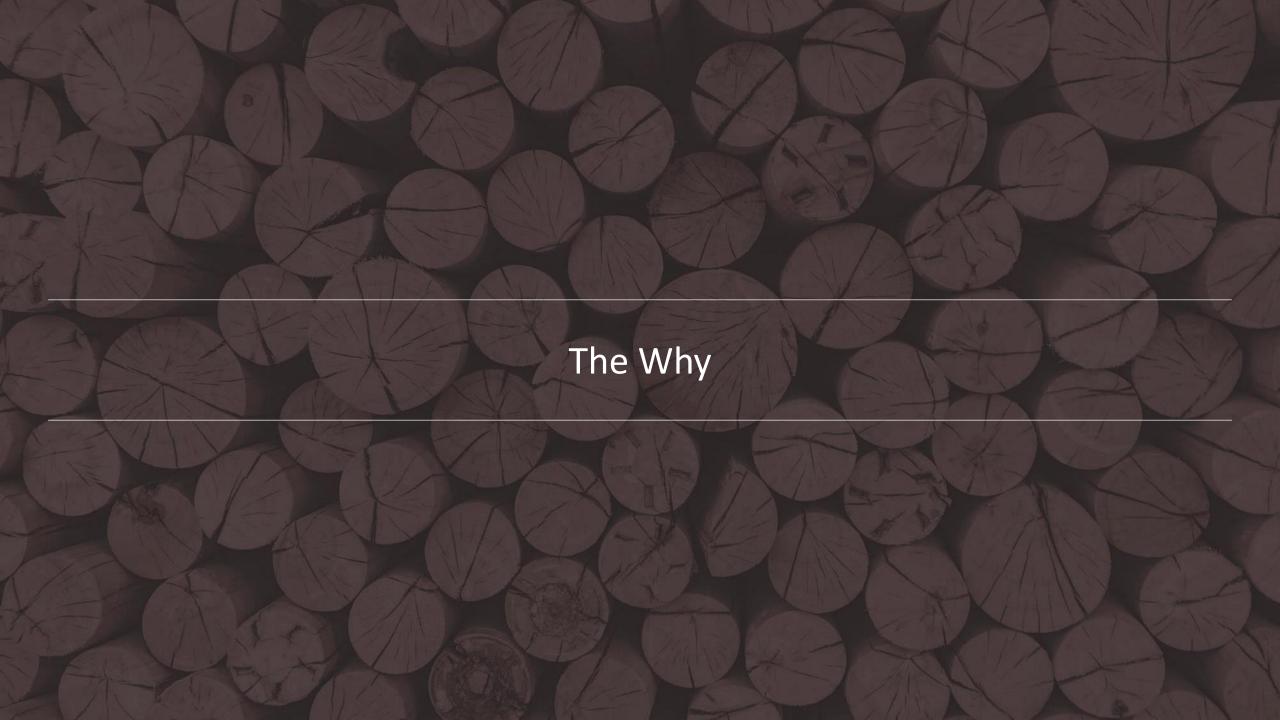
AGENDA

The Why

Five Steps to Unlocking Latent Potential Within Total Rewards

Unlocking Latent Potential at CPMG

Key Takeaways



FINANCIAL PRESSURES



Deferred care



Labor shortages and resulting costs



Clinician Turnover



New regulations burdening health systems with additional cost



New delivery models



Forfeited patient care revenue



ATTRACTING AND RETAINING PHYSICIAN TALENT



Competition for clinician talent is at an all-time high

534,000 Healthcare and Social Assistance workers who quit their jobs in August 2021. Highest total since 2000.¹



Predicted physician shortages

37k – 124k. The projected shortage of physicians by 2034, including up to 48,000 in primary care, according to the Association of American Medical Colleges¹



The recruiting landscape has hardened

Practices such as sizable signing bonuses, forgivable loans, and demands for more cash compensation are making it difficult to compete.



Replacement costs are astronomical

\$500k to \$1M. Estimate costs for replacing a single physician with the invaluable training and experience consequently lost.²



Benefits impact recruitment effectiveness

Companies that use benefits strategically experience above-average effectiveness in recruitment (19% vs. 8%)³

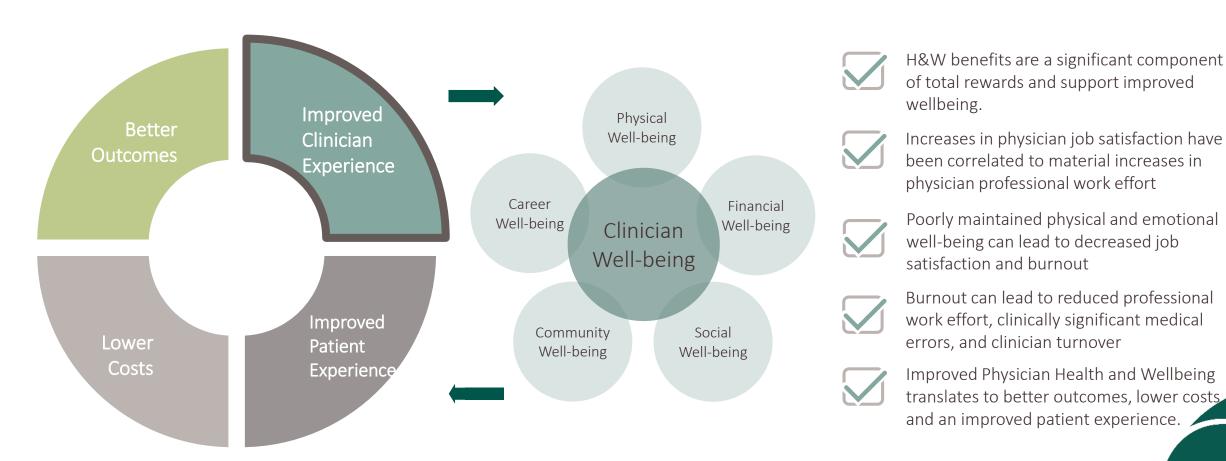
 $^1 https://www.hfma.org/topics/hfm/2021/december/soaring-labor-costs-stemming-from-covid-19-test-hospitals-and-he.html$

²https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8585922/

 ${}^3https://www.shrm.org/resources and tools/hr-topics/benefits/pages/alter-benefits-attract-retain.aspx\\$



THE QUADRUPLE AIM AND THE CLINICIAN EXPERIENCE

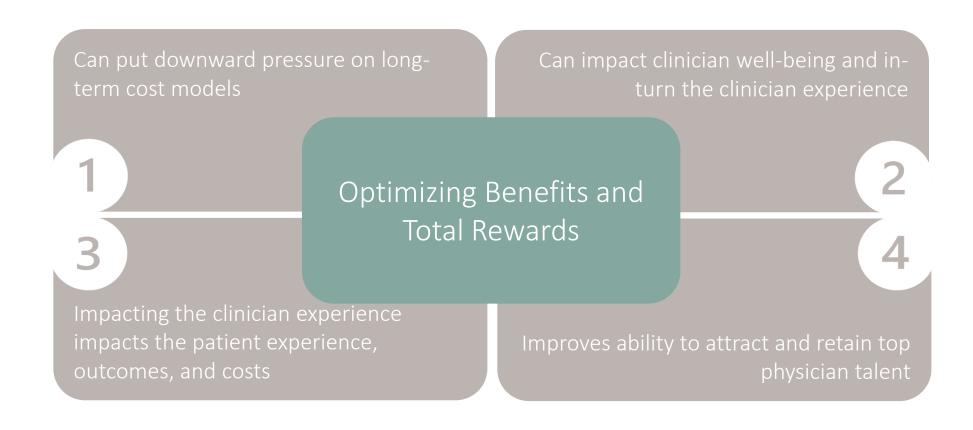




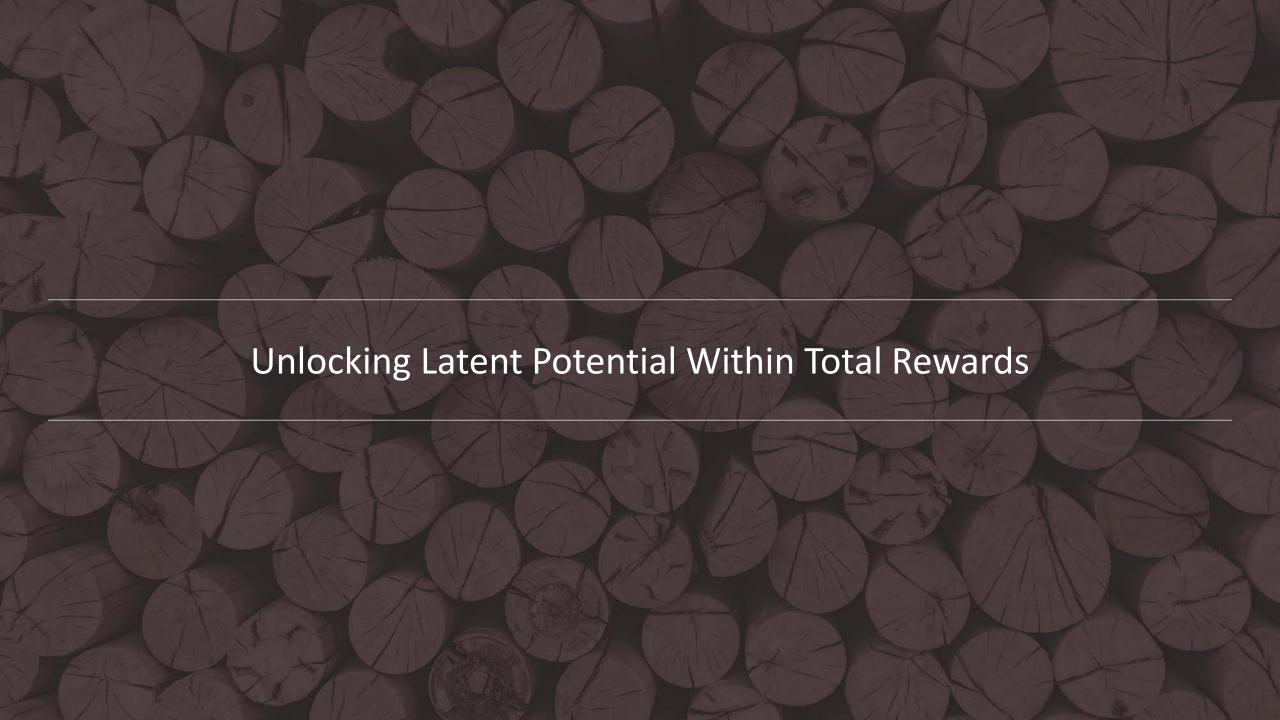
⁵https://www.ama-assn.org/practice-management/physician-health/how-much-physician-burnout-costing-your-organization



THE IMPACT OF OPTIMIZING BENEFITS AND YOUR TOTAL REWARDS FRAMEWORK







5 STEPS TO UNLOCKING LATENT POTENTIAL WITHIN TOTAL REWARDS





VISION

Begin with the end in mind. Stephen Covey





Establish your "Why"

 Connect your "why" for engaging in this work to your organization's "why."



Determine what "job you are hiring benefits to do" for your organization

What is your Total Rewards philosophy?



Develop any pertinent filters

- Diversity, Equity, and Inclusion
- Inurement
- Budget neutrality
- Flexibility
- Administrative efficiency



Establish SMART objectives for your optimization initiative and key success metrics

- These objectives should be measurable and time bound
- Use a to "X" to "Y" by "Z" format

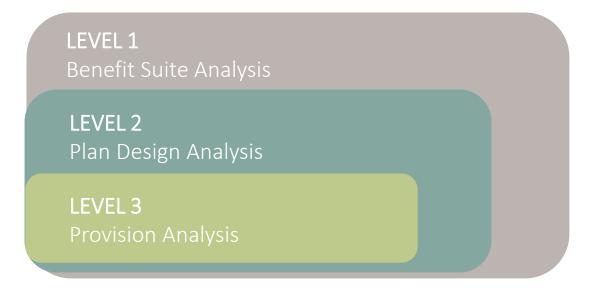


DECONSTRUCTION





Unlocking latent potential requires granular understanding of your current state attained through multi-layered benefit analysis



ANALYSIS OVERVIEW

Level 1 analyses the make up of the entire benefit suite.

Level 2 analyses major program plan design elements.

Level 3 analyses other key contract provisions.







Compare current state to precise benchmark data at all three levels. Latent Potential likely exists at all three.



Where are your competitive advantages? Do they yield additional physician satisfaction or wellbeing? Should dollars reappropriated?



What about your benefits suite, program plan designs, and plan provisions creates competitive vulnerability?



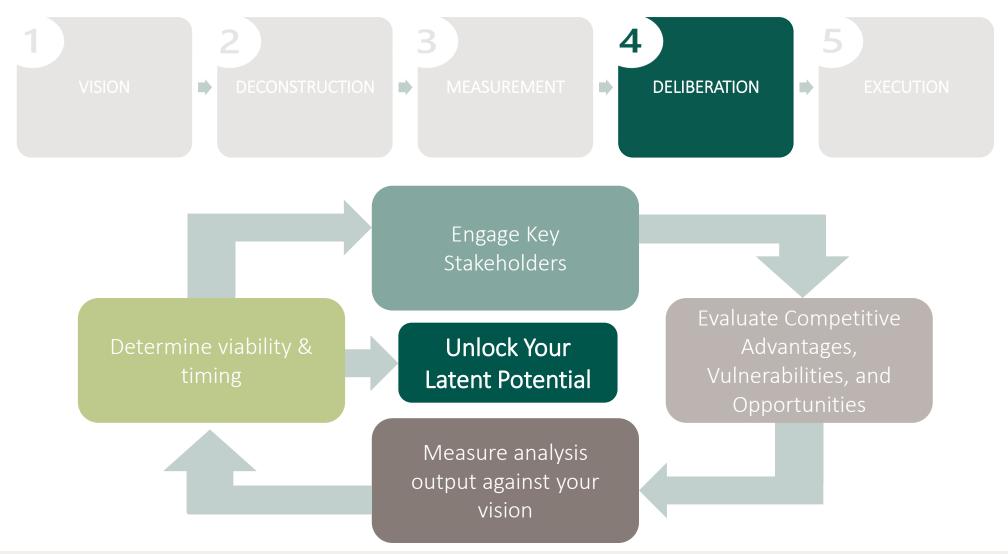
Are budget dollars being appropriated to programs that create suboptimal value?



What programs would you like to offer or augment to align your suite with your strategic objectives?



DELIBERATION





EXECUTION





Map

- Develop a three-year strategy map
- Rolling quarterly strategic plan
- Detailed project plans including key milestones



Communicate

- Tie targeted communication campaigns to clinician-impacting project milestones
- If your population doesn't know about this work, you are reducing ROI



Listen

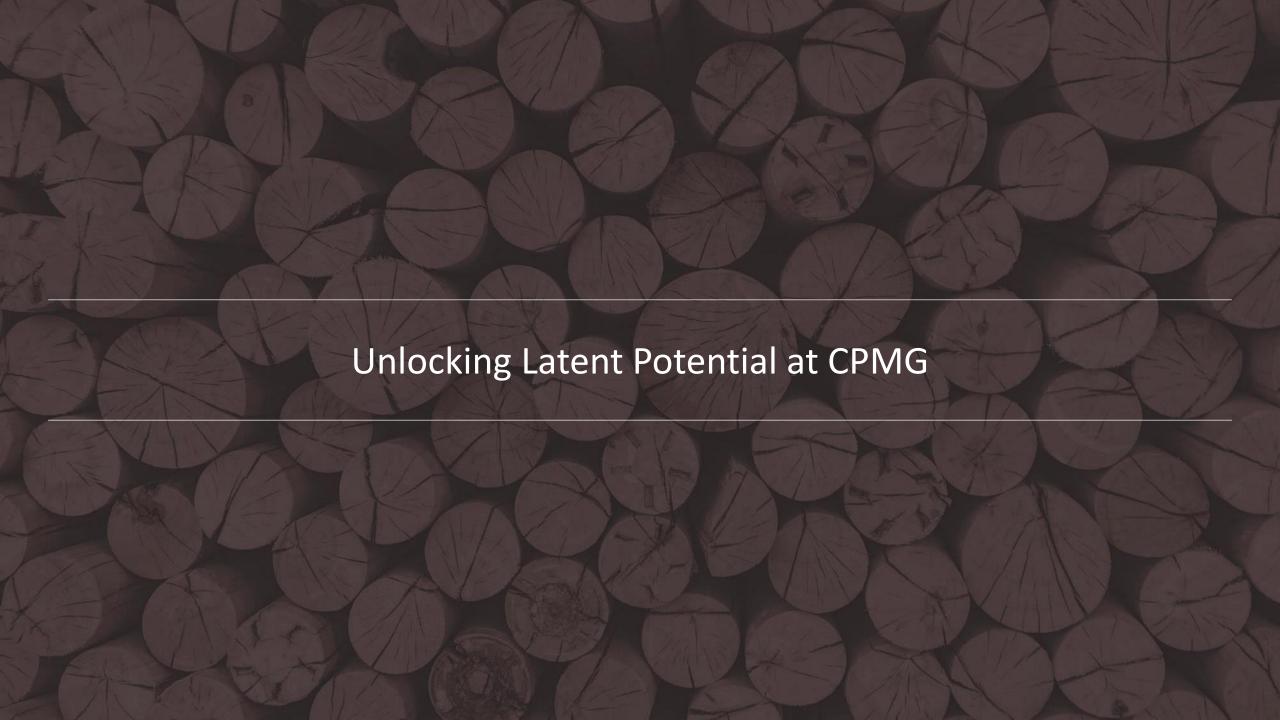
- Develop or refine methods used for soliciting input from your clinicians
 - Satisfaction Surveys
 - Key questions during recruiting process
 - Key questions on exit interviews



Measure

- Develop metrics to measure impact
- Continually monitor the data
- Iterate where needed





Background: After an external competitive analysis, CPMG had reason to believe their group term life and long-term disability benefits were not as competitive or administratively efficient as peer group norms.

UNLOCKING LATENT POTENTIAL

Solving for this competitive vulnerability was critically important to the organization but solutions had to be budget neutral.

VISION

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Establish your "Why"

"Purposeful Difference"

- Connecting this to the why for your benefits work
- To make a purposeful difference in the lives of our clinicians, so they make a purposeful difference in the lives of their patients.



Determine what "job you are hiring benefits to do for your organization"

CPMG Total Rewards Philosophy:

- Our package includes market competitive compensation and a focus on a wide range of market-leading benefits that help our physicians accumulate money for retirement, help protect them and their families from personal or financial hardships, help them develop in their profession, and help balance their work and their life activities.



Develop any pertinent filters

- Budget neutrality
- Equity
- Administrative efficiency



Establish SMART objectives for your optimization initiative and key success metrics

- Identify competitive vulnerabilities in benefits package by 1/1/2019
- Redesign group term life offering to enhance coverage levels, create benefit equity across all physicians, and to simplify administration by 1/1/2020
- Redesign group long term disability coverage to enhance coverage levels and simplify administration by 1/1/2020
- Transition group term life and long-term disability coverages to a new carrier partner that will provide better data by 1/1/2020
- Implement Supplemental Individual Disability Insurance to provide enhance, more equitable income protection by 1/1/2021

DECONSTRUCTION

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LEVEL 1 LEVEL 2 Plan Design Analysis LEVEL 3

ANALYSIS OVERVIEW

Level 1 analyses the make up of the entire benefit suite.

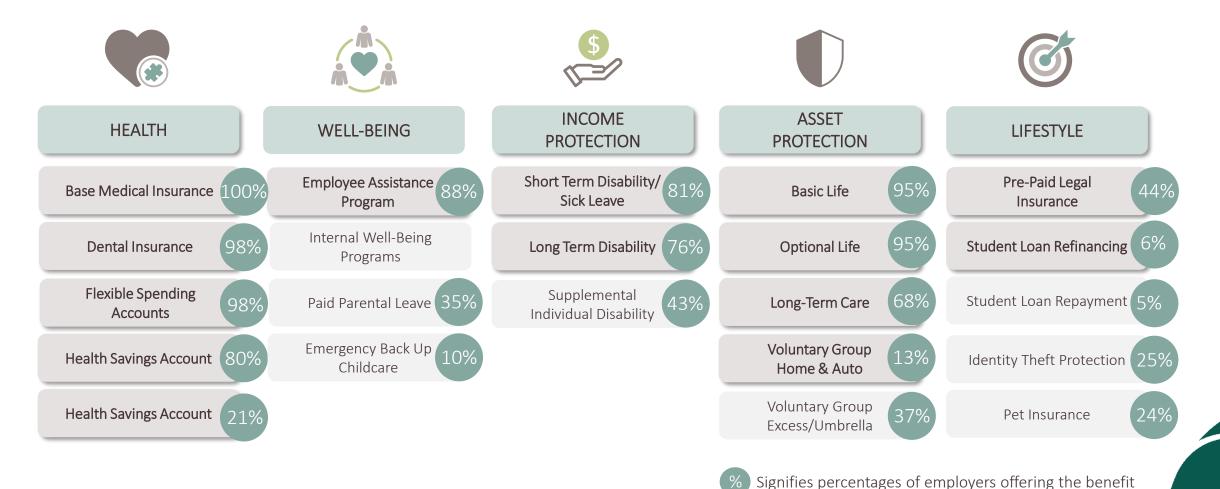
Level 2 analyses major program plan design elements.

Level 3 analyses other key contract provisions.



LEVEL ONE: BENEFIT SUITE ANALYSIS

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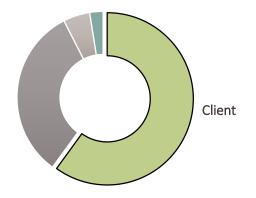




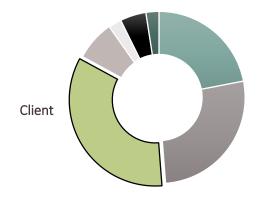
LEVEL TWO: PLAN DESIGN ANALYSIS

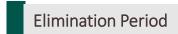
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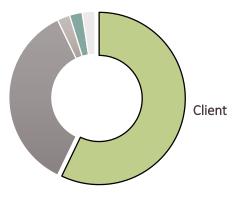












Totals		40	100%
	5 Years of Benefits	1	14%
	3 Years of Benefits	2	20%
	2 Years of Benefits	13	8%
	Full Duration	24	4%
Max Issue Limit		# of Cases	% of Cases

Benefit Sch	nedule	# of Cases	% of Cases
\$0 to	\$9,999	9	22%
\$10,00	00 to \$14,999	11	27%
\$15,00	00 to \$19,999	14	34%
\$20,00	00 to \$24,999	3	7%
\$25,00	00 to \$29,999	1	3%
\$30,00	00 to \$34,999	2	5%
\$35,00	00 or Greater	1	2%
Totals		41	100%

Benefit Option		# of Cases	% of Cases	
	180	24	58%	
	90	15	36%	
	120	1	2%	
	150	1	2%	
	360+	1	2%	
Totals		42	100%	

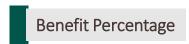


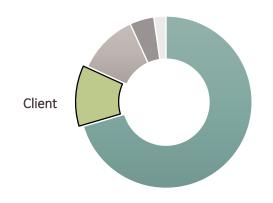
LEVEL TWO: PLAN DESIGN ANALYSIS

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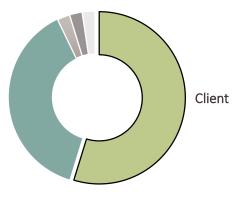












p 1,1111		# of Cases	% of Cases
	Contributory	25	58%
	Non-Contributory	18	42%
То	tals	43	100%

Bei	nefit Percentage	# of Cases	% of Cases	
	60.0%	31	71%	
	50.0%	5	11%	
	66.7%	5	11%	
	40.0%	2	5%	
	70.0%	1	2%	
Tot	tals	44	100%	

Benefit Period		# of Cases	% of Cases
	SSNRA	23	55%
	To Age 65	16	39%
	5 Years	1	2%
	T65 / 5 Yr / T70	1	2%
	To Age 67	1	2%
Tot	tals	42	100%



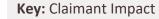
LEVEL THREE: PROGRAM PROVISION ANALYSIS

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Provision	Current Language	Modifications	Rate Impact Factor	Annualized Savings Future State	Claimant Impact	8011 Prevalence ¹ (500 – 2,000 EEs)	Peer Prevalence ²
Benefit Percentage	50% or 60%					<4%	12%
		50%	0.930	-\$284,571		7%	
		60%	1.100	\$406,531		84%	
Maximum Benefit Amount ²	\$15,000+						80%
		\$20,000	1.200	\$813,061		46%³	80%
Elimination Period	90 – Day					61%	12%
		180 – Day	0.910	-\$365,878		35%	
Maximum Benefit Amount ²	To SSNRA					42%	60%
		To Age 65	0.900	-\$406,531		12%	
Definition of Disability ^{1, 2}	Own-Specialty					80%	
		Own-Occupation	0.930	-\$284,571		20%	100%
Own-Occupation Period ²	Full Duration					39%	
		Five Year	0.990	-\$40,653		3%	100%
		Two Year	0.880	-\$487,837		33%	



¹ Percentages referenced are anecdotal based on industry experience.













 $^{^{2}}$ n = 5

³Only 46% of your peers have maximum benefits greater than \$12,500

PROGRAM PROVISION ANALYSIS

Key: Claimant Impact



Material



Moderate



Low



Little or

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Provision	Current Language	Modifications	Rate Impact Factor	Annualized Savings Future State	Claimant Impact	8011 Prevalence ¹ (500 – 2,000 EEs)	Peer Prevalence ²
Partial Disability Benefit Calculation 1, 2	50% Offset Rule					37%	500/
		Proportionate Loss	1.000	\$0		60%	60%
		"Better Of"	1.000	\$0		3%	
Limitations ^{1, 2}	24 month combined, lifetime					43%	
		24 month separate, per incidence	1.000	\$0		55%	100%
		Unlimited	1.110	\$447,184		2%	
Conversion 1, 2	Included					10%	60%
		Remove	0.980	-\$81,306		90%	
Pre-Existing Conditions 1,2	3/6/12					3%	
		3/12	0.970	-\$121,959		95%	20%
		6/12	0.920	-\$325,225		<1%	
		6/12/24	0.880	-\$487,837		<1%	
		6/24	0.840	-\$650,449		<1%	
Infectious & Contagious Disease Rider 1, 2	Included					10%	40%
		Remove	0.960	-\$162,612		90%	

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Where are your competitive advantages?

Do they yield additional physician satisfaction or wellbeing?

Should plan features be reconfigured and dollars reappropriated?



What about your benefits suite, program plan designs, and plan provisions creates competitive vulnerability?



Are budget dollars being appropriated to programs that create suboptimal value?



What programs would you like to offer or augment to align your suite with your strategic objectives?



IMPACTS OF LIFE INSURANCE REDESIGN



Plan communication and administration were simplified dramatically. Plans were consolidated from having 17 classes to 4 classes.



Revised plan designs put CPMG in the top quartile within closest peer group and would allow clinicians to double their life insurance protection between CPMG-paid and supplemental benefits.



New plan mitigated benefit inequity considerations



Coverage levels were be enhanced by an average of roughly \$60,000 for active employees



CPMG annual life insurance spend increased slightly by approximately 7%. This cost was offset by optimizing the disability programs and a corresponding reduction.



IMPACTS OF GROUP LONG-TERM DISABILITY REDESIGN



Plan communication and administration would be simplified dramatically. Plans were consolidated from having 12 classes to 2 classes.



Revised plan designs put CPMG in the top quartile within closest peer group and allowed clinicians to increase their income protection between CPMG-paid and supplemental benefits by as much as 50%.



CPMG annual LTD spend decreased 10% which funded despite adding enhanced features. This optimization also funded the dramatically improved life insurance program.



Introducing supplemental individual disability insurance allowed clinicians more options to tailor CPMG benefits to their individual financial needs

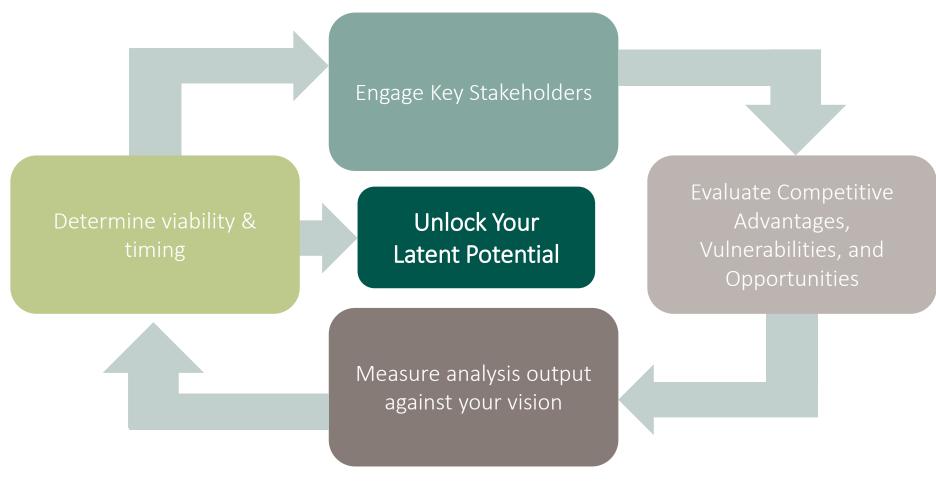


The supplemental individual disability insurance created more equitable coverage levels for CPMG's higher wage earners



DELIBERATION

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EXECUTION

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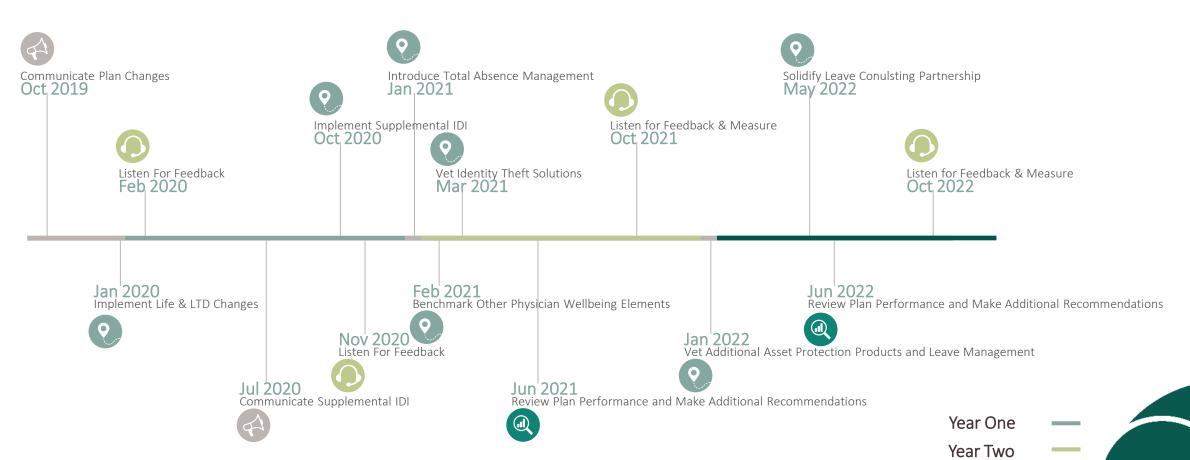








Communicate Listen





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Year Three

RESULTS

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By unlocking latent potential within their total rewards construct, CPMG was able to:



Put downward pressure on long term benefit cost models

 Reconfiguring plan designs and optimizing spend on particular features created a minor savings that will impact long term models favorably or make budgetary room for new programs



Turn a competitive vulnerability into a competitive advantage

- Top quartile income protection/asset protection benefits allows CPMG to more easily attract top physician talent in their market
- Reconfiguring existing programs allowed CPMG to provide richer and more equitable benefits to their physicians which impacts retention



Impact their clinician experience by contributing to overall well being

- Improved financial well-being improves overall clinician well-being and the clinician experience.
- This also better aligned their programs with their Total Rewards Philosophy
- This puts upward pressure on professional work effort and impacts the patient experience, outcomes, and costs





KEY TAKEAWAYS



Health and welfare benefits play a key role in attracting and retaining top physician talent and improving the clinician experience.



Improving the clinician experience supports lowering healthcare costs, improving outcomes, and improving the patient experience.



Latent potential exists within most total rewards constructs and can be unlocked with five steps and detailed analysis.



Unlocking that latent potential can impact many challenges faced by medical groups today including improving the clinician experience.

Impacting the health of our caregivers impacts the health of our communities.





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