Advanced Practice Provider Optimization Strategies
AMGA Virtual Executive Roundtable Summary
March 5, 2025

The AMGA Hospital & Health System Advisory Committee convened physician executives, advanced practice provider (APP) leaders, and administrative executives to discuss **optimizing APPs for system-wide impact**. The discussion focused on care models, compensation structures, leadership frameworks, and strategies to maximize APP workforce effectiveness amid growing reliance on this critical provider segment.

Key Themes & Takeaways

1. APP Workforce Growth and Future Outlook

- APPs now comprise approximately 48% of the total provider workforce across AMGA membership, with variation from 23% in hospitalist services to 80% in urgent care settings.
- One system employs close to 3,000 APPs across their network, while other large systems reported 600-1,000+ APPs.
- **Universal consensus**: Organizations cannot envision future healthcare delivery without APPs and are continuing to grow this workforce segment.
- Primary deployment areas include **primary care, urgent care, specialty services, emergency departments, hospital rounding, and surgical assistance.**
- **Training gap challenge**: Moving APPs from primary care training into adjacent specialties requires robust internal training programs that organizations must develop themselves.

2. Effective Care Model Design

- **Core principle**: "Right patient, right provider," creating decision trees to match patient acuity and needs with appropriate provider level.
- **Avoid duplication**: Systems emphasized moving away from APPs and physicians seeing the same patients in the same room (split/shared billing), instead having APPs work "side by side, not together."
- **High-value APP roles identified**:
    - Post-operative and follow-up care during global billing periods
    - Same-day/next-day access appointments
    - Long-term survivorship care (oncology)
    - Medical weight management programs
    - Initial workup and care coordination before surgeon visits
    - ICU coverage and hospital rounding
    - First assist roles in operating rooms
- **Eliminate incident-to billing**: Leaders advocated for direct APP billing rather than incident-to billing, viewing it as outdated and unnecessary.

3. APP Leadership Structure as Critical Success Factor

- One system implemented a tiered leadership structure with one lead APC for every five APPs, plus regional directors and a VP of APPs, with APPs reporting to other APPs for clinical and performance management.

- Leadership structure was credited with dramatically reducing turnover and associated recruitment costs.
- **Key leadership functions**:
    - Monthly meetings with lead APCs to identify optimization opportunities
    - Transition-to-practice programs and robust orientation
    - Billing and coding education (not taught in APP training programs)
    - Physician-APP relationship facilitation
    - Student pipeline development for "grow your own" strategies
- Another system designated seats in governance for advanced practitioners and appointed an APP as medical director of urgent care.

4. Physician Buy-In and Trust Building

- **Fundamental challenge**: Most physicians were never trained to utilize APPs and require investment in building trust and understanding APP capabilities.
- **Successful strategies**:
    - Physician champions who advocate for APP utilization within specialties
    - Investment in APP education and experience curve rather than constant turnover cycle
    - Demonstrating that APP utilization enables physicians to focus on higher acuity patients
    - Group RVU metrics rather than individual attribution to reduce competition
    - Time and consistent collaboration to build confidence in APP clinical judgment
- **Generational shift**: Younger physicians trained in fellowship programs with APPs now actively request APPs when joining organizations, improving acceptance.

5. Compensation and Incentive Models

- **Traditional model limitations**: Hourly/salary-only compensation provides no incentive for productivity improvement.
- **Incentive compensation impact**: Organizations with APP incentive plans show approximately 10% higher productivity on average compared to those without such programs.
- **One system's incentive approach**:
    - Started with 30 APPs in strategic specialties, scaling to 200 after demonstrating success. Used entry/target/stretch goals with potential bonuses up to $10,000 rather than per-RVU payment initially.
    - Selected specialties based on access needs and high-producing teams.
    - Included quality and engagement components aligned with physician incentives.
    - Required education on RVUs, benchmarks, and billing optimization.
- **Progression model**: Start with tiered bonuses, then move to per-RVU compensation as APPs optimize performance.
- **Another system model**: Align APP incentives to specialty and organizational goals (access, patient experience, quality) with team-based and individual metrics; APPs eligible to become shareholders in professional corporations after 10 years.

6. Benefits and Employment Structure

- **Cultural shift required**: Organizations increasingly recognizing that if APPs function at top of license and see patients like physicians do, they should be compensated more like physicians than staff nurses, though at lower absolute salary levels.
- **Progressive models moving toward**:

- Yearly hourly commitments with universal time off (UTO) rather than set vacation schedules
- CME allowances (typically lower than physicians but similar structure)
- Provider-level benefits rather than staff-level benefits
- Incentive compensation aligned to physician models
- Contractual employment agreements similar to those of physicians (though some use signed offer letters for administrative ease)

7. New Graduate Challenges

- **Independent practice paradox**: In states like Oregon where APPs can practice independently, new graduates often lack clinical competence and comfort level, creating turnover when adequate support, mentoring, and education aren't provided.
- **Solutions** include transition-to-practice programs, student pipelines, fellowship programs (though effectiveness varies), and dedicated onboarding/orientation.
- **Long-term investment value**: Viewing APPs as "lifers" who stay with organizations unlike residents/fellows who rotate out, makes the training investment worthwhile.

8. Specialty-Specific Success Stories

- **Neurosurgery transformation**: Previously resistant neurosurgery teams now have APPs seeing patients independently in four clinic sessions per week, taking call backed up by neurosurgeons, and managing post-operative care after physician investment in building trust and competence.
- **Orthopedics**: Strong team-based RVU models with APPs handling global visits and post-ops while maintaining operative first-assist roles
- **Endocrinology**: High-producing teams further optimized through incentive compensation
- **Cardiology**: Major growth area with APP expansion for access improvement
- **Medical weight management**: Significant opportunity for APP utilization across transplant, orthopedic, and other surgical programs

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Outcomes Highlighted

- **Turnover reduction**: Leadership structures dramatically decreased APP turnover with significant cost savings.
- **Productivity gains**: 10% average increase with incentive programs; specific practices showed marked productivity jumps after implementing incentives.
- **Access improvement**: APP optimization enables same-day/next-day appointments and reduces specialty wait times.
- **Physician capacity**: APPs handling follow-up care freed physician time for higher acuity patients and surgical cases.
- **Workforce ratios**: Systems are moving toward 1:1 or near-parity ratios between physicians and APPs in some settings.

Overall Conclusion

The discussion revealed that **APP optimization requires a comprehensive systems approach** encompassing leadership structure, compensation design, care model redesign, physician engagement, and cultural transformation. Organizations achieving success share common elements:

- **Dedicated APP leadership** with APPs managing APPs
- **Incentive compensation aligned to physician models** with appropriate education and support
- **Strategic deployment** focused on "right patient, right provider" rather than duplication

- **Provider-level benefits** that recognize APPs as clinicians rather than staff
- **Investment in training and relationship building** to develop trust and competence
- **Elimination of outdated billing models** (incident-to) in favor of direct billing

The consensus: APPs are essential to healthcare's future, and organizations that strategically optimize this workforce through proper structure, compensation, and integration will achieve substantial gains in access, efficiency, and financial performance. The approximately 48% APP workforce ratio will likely continue growing, making effective optimization strategies increasingly critical for system success.