

# Pros and Cons of Physician Services Models



The complexity of the No Surprises Act (NSA), payor responses, and regulatory changes has made it very difficult for previously successful models to be financially viable, leaving health system executives with no choice but to evaluate their options. Value and cost efficiency are the highest priorities when identifying the most effective care delivery models with the needed flexibility and expertise in staffing, coding, documentation, and managing revenue cycle. **Below is a chart to help you weigh the pros and cons of each model.**

	Pros	Cons
<p><b>Hospital Employed Programs</b></p> <p>Physicians, NPs, and PAs: directly employed by the hospital or hospital’s medical group.</p> <p>Recruiting, credentialing, revenue cycle, documentation, and coding done within the health system or through health system partners.</p>	<ul style="list-style-type: none"> <li>• Clinicians are loyal to hospital and patients</li> <li>• High-degree of patient trust with community clinicians</li> <li>• Clinicians are in alignment with hospital strategy</li> <li>• Positive clinical outcomes</li> <li>• Local staffing control</li> </ul>	<ul style="list-style-type: none"> <li>• Overall program cost / revenue collection</li> <li>• Recruiting challenges</li> <li>• Compensation models without productivity / performance targets</li> <li>• Lack of schedule flexibility to match volume changes</li> <li>• Lack of expertise to manage and navigate NSA, reimbursement changes, etc.</li> <li>• Modern care delivery models leveraging clinical integration and virtual care</li> </ul>
<p><b>National Outsourced Clinical Services*</b></p> <p>Physicians, NPs, and PAs: work locally, employed by vendor.</p> <p>Professional recruiting, credentialing, revenue cycle, documentation, and coding, are done by vendor through either direct services or third-party arrangements.</p>	<ul style="list-style-type: none"> <li>• Robust, nationwide, quality and outcomes management</li> <li>• Clinicians are loyal to hospital and patients</li> <li>• Clinicians are in alignment with hospital strategy*</li> <li>• Expert staffing and resource management</li> <li>• AI and tech support for operational optimization*</li> <li>• Balanced compensation models include quality, performance, and efficiency</li> <li>• Scalable recruiting and revenue cycle to maximize financial results</li> <li>• Deep domain expertise</li> <li>• Optimized overall program cost</li> <li>• Coding and documentation expertise</li> <li>• Positive clinical outcomes</li> <li>• Modern care delivery models leveraging clinical integration and virtual care</li> </ul>	<ul style="list-style-type: none"> <li>• Local clinicians can be seen as outsourced</li> <li>• Variable financial stability among vendors</li> <li>• Vendor KPIs can take precedence over hospital strategy</li> <li>• Potential for staffing only vs strategic partnership</li> <li>• Variability among vendors</li> </ul>
<p><b>Co-resourced</b></p> <p>Physicians, NPs, and PAs are directly employed by the hospital or hospital’s medical group, with the possibility to leaseback the group for headcount and managed care contracting reasons.</p> <p>Recruiting, credentialing, rev cycle, documentation and coding all done at scale by vendor as part of management solution.</p>	<ul style="list-style-type: none"> <li>• Clinicians are loyal to hospital</li> <li>• High-degree of patient trust with community clinicians</li> <li>• Alignment of physician group to hospital strategy</li> <li>• Leverages best of employed programs and vendor programs</li> <li>• Expert staffing and resource management</li> <li>• Possible artificial intelligence and tech support for operational optimization</li> <li>• Optimized overall program costs</li> <li>• Coding and documentation expertise</li> <li>• Positive clinical outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Slower to update care delivery models – impacting workforce costs</li> <li>• Still need a vendor partner with a management solution and operational improvements</li> </ul>
<p><b>Local or regional physician group providing services</b></p> <p>Physicians, NPs, and PAs are employed by a local or regional physician group.</p> <p>Physician group provides recruiting, credentialing, revenue cycle, and documentation either directly or via third party arrangement.</p>	<ul style="list-style-type: none"> <li>• High-degree of patient trust with community clinicians</li> <li>• Alignment of physician group to hospital strategy</li> <li>• Positive clinical outcomes</li> <li>• Local staffing control and resource management</li> <li>• Shared resources in the community</li> </ul>	<ul style="list-style-type: none"> <li>• Limited insight of NSA and its regulatory impact on collections</li> <li>• Higher sensitivity to changes in market/ reimbursement</li> <li>• Limited scale and negotiation power with payers</li> <li>• Limited revenue collection expertise</li> <li>• Standard care delivery models – limited to no use of tele services and modernized approaches</li> </ul>

\* Not all vendors are created equal, some are full outsourced solutions only and others offer hybrid and flexible models. Things to consider include the health of the organization, their managed care contracting strategy, depth of knowledge regarding NSA, and their expertise and investment in operating revenue cycle, recruiting, and documentation.

**Read more about the key factors to consider in decision-making in today’s environment.**