



# WELCOME!

PROVIDERS, STAFF AND INCENTIVE PAY  
JANUARY 5, 2018

# Providers, Staff and Incentive Pay

## Association of Clinicians for the Underserved

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***“Victorious warriors win first,  
and then go to war, while  
defeated warriors go to war  
first and then seek to win.”***

**-- Sun Tzu**

# The Issues

- Staff Pay:
  - Organization, and providers, cannot be productive or effective without good staff
  - Effective pay programs are central to the ability to recruit and retain good staff
- Provider Pay:
  - Base pay is the first “bottom line”
  - Base pay maintenance is the most important challenge today
- Incentive Pay:
  - Only try it when everything else is done
  - Don’t try it until you know what will happen

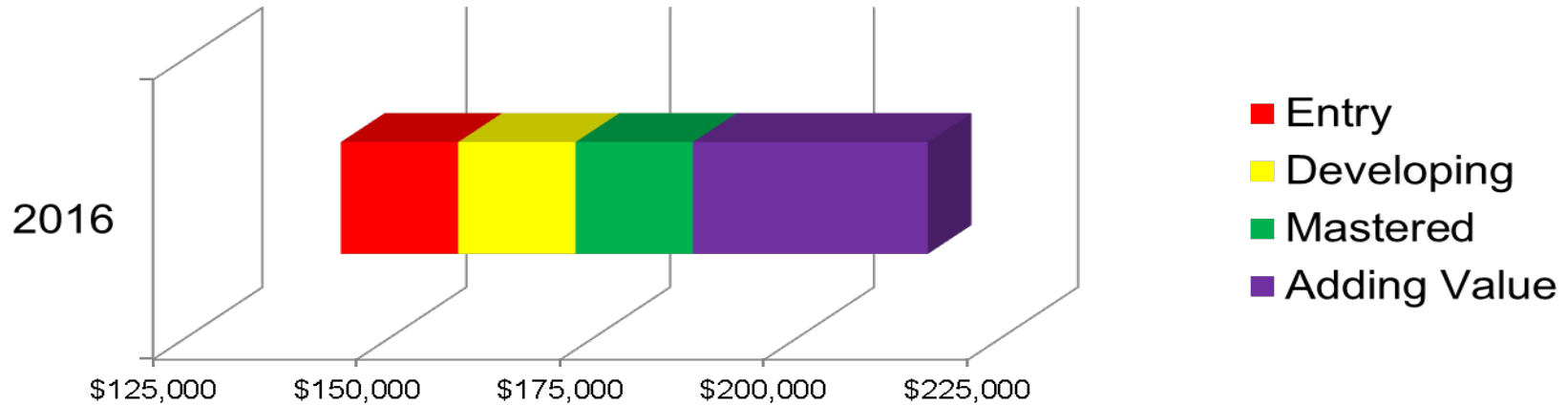
# Determine the “Value” of a Provider to You

- Determine value against the purpose of the job
  - Define the expectations in the job description
  - Define what we can see (actual behaviors)
  - Define things that are objective (doesn't require “opinion” to know if it is met)
  - Measure mastery against the job description
- Ensure your target pay is sufficient to recruit and retain providers at the value you establish
  - Pay should match desired performance (know your benchmarks)
  - Defined performance should financially support the target pay (it should be “worth it”)
  - Realize that the target is moving.

# Understand Your Market Data

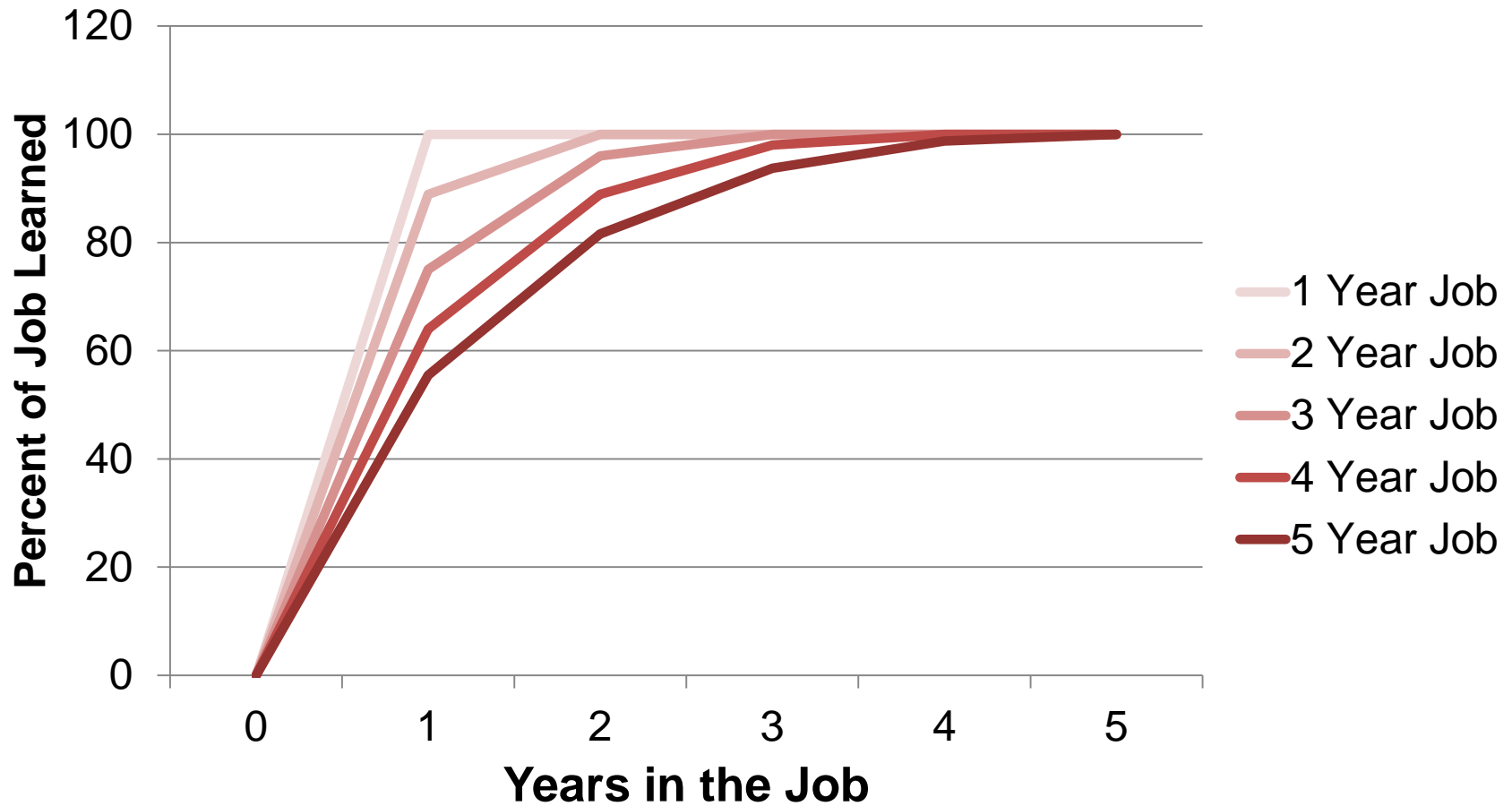
- Compare apples to apples
  - What do your sources report?
  - What is included in “pay?”
  - What do you need to overcome (and how it effects compensation philosophy)
  - How do your performance expectations line up?
- What are the differences in the job?
  - Focus on mission vs. profit
  - Schedules and responsibilities
  - Being an “employee” versus and “owner”
  - And remember to understand and appreciate the negatives (e.g., loss of control)

# Determine the Value of a Provider Role



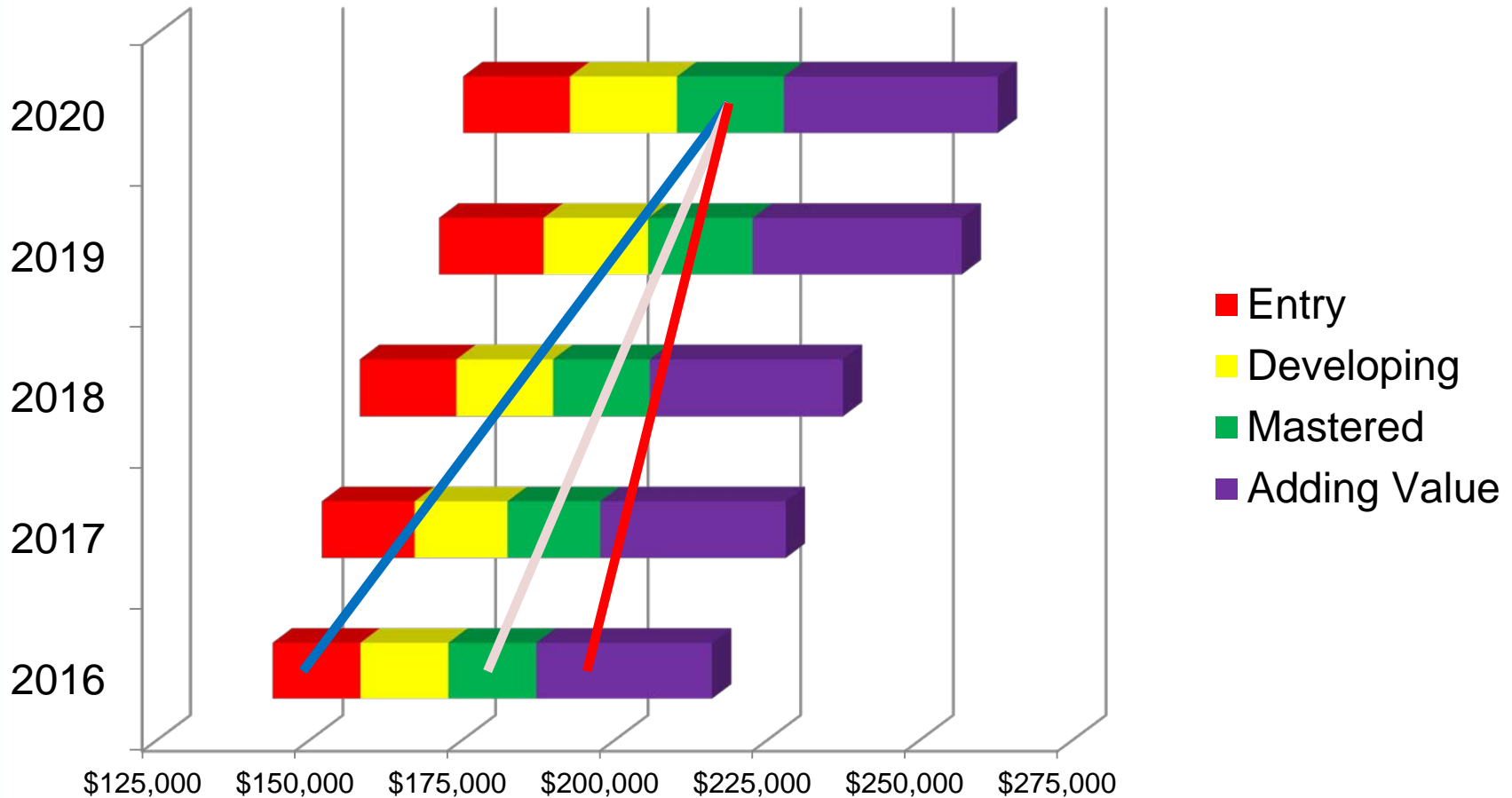
Criteria	Entry	Developing	Mastery	Adding Value
Productivity	< 3,200	3,200 – 3,800	3,800 – 4,400	> 4,400
Quality/Outcomes	< 85%	85% - 95%	95% - 100%	> 110%
Patient Sat.	< 80%	80% - 90%	90% - 95%	> 95%
Participation	< 70%	Met 70 – 90%	Met 90 – 100%	> 110%
Outreach	< 80 hours	80 – 100 hours	100 hours	> 120 hours

# How People Grow





# Manage Pay Growth in Range



# Cause of Base Pay Turnover is Obvious



# Measure and Pay for Actual Growth

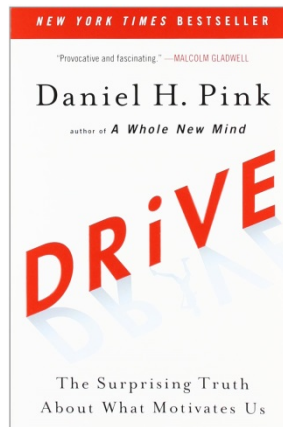
- Measure growth to mastery
  - What percent of each expectation is met?
  - What is total amount of growth?
  - When do we stop accepting less than mastery?
- Pay along the growth curve
  - $((\text{target}-\text{minimum}) * \text{growth}) + \text{minimum}$
  - Biggest challenge is keeping up!

# How to Plan For It

- Budget at realistic cost
  - Establish baseline cost at target
  - Determine current actual cost
  - Apply growth curves to plan ahead
- Make a plan for each provider
  - Communicate it and stick to it
  - Make growth plan part of recruiting/retention efforts

# Do You Need Incentives?

- What is the reason for incentives?
  - To reduce risk/contain cost
  - Because others do it (or your recruiter said you have to)
  - To further reward good performance
  - To motivate poor performers
- What can incentives accomplish?



# What Do We Know?

- Balancing multiple and conflicting objectives is very difficult (people choose the ones they like)
- Providers value stability and predictability over amount
- Higher productivity is correlated with higher compensation
- Higher productivity is correlated with participation in incentive plans
  - But incentive plans don't pay much, and
  - Health centers with incentive plans typically pay higher base salaries
- In incentive environments:
  - Middle 50% of performers perform the same way
  - Higher performers perform more
  - Lower performers perform less
- No real evidence on objectives other than productivity

# Incentive Design Thought Process

What are the objectives?

Can the objectives be met any other way?

Can the plan achieve the objectives?

What are we willing to pay to get the results?

Will it be enough to change behavior?

# Ten Incentive Requirements





# Things You Have to Do

- In Planning
  - Involve those who will be participants
  - Involve all who will be affected
  - Model every possible result, not just the ones you want
- In Execution
  - Test, and then test, again and again
  - Use trial for at least a year
  - Communicate constantly (even when you think you have communicated too much)
  - Remember: you have one chance to get it right

***“Incentive plans are a pain;  
group incentive plans make  
regular incentive plans  
look easy.”***

- - Ed

# What Should You Do Before Incentives?

- Change organization design
- Change job content & responsibilities
- Implement competitive/fair base pay plan
- Provide training
- Ensure employees are capable
  - Do they have the skills?
  - Are they engaged?
  - Are any of them holding you back?

# Key Takeaways

- Most barriers to improvement are structural:
  - Organization structure and job design
  - Processes that don't support initiatives
  - The wrong people
  - A base pay program that doesn't support recruiting and retention of the right people
- Don't even contemplate incentives until...
  - You know exactly what you want to accomplish
  - You know exactly what behaviors need to be changed
  - You have addressed structural issues
    - Jobs and processes have been modified
    - The right people are in place, have been properly trained, and are paid at a level that minimizes turnover
- See what you can accomplish without incentives!
- Incentives may be able to help you with what is left over.

# Questions?

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