



Introduction

OSF Healthcare (OSF), a prominent healthcare organization operating across 15 hospitals in central Illinois, prioritizes delivering high-quality care.

This case study delves into OSF's provider incentive compensation strategy, management, and automation system, highlighting the transformative role of ProCARE in driving value and team-based strategies across regions.

OSF by the Numbers:

OUTPATIENT VISITS:

2 million

PHYSICIAN VISITS:

3 million

1,200 providers, 800 APPs

82k Inpatient Admissions

\$4 billion net revenue

\$375 million in compensation

7 FTE Comp Staff

Problem

Post consolidation of 12 regional hospitals in the mid 2010s, OSF's goal was to shift from straight fee-for-service models to progressive production-based plans rooted in value and collaboration. Doing so, however, surfaced disparities in individualized employment agreements, structures, and benefits. Manual processes and assorted compensation models hindered efficiency, transparency, and strategic alignment.

Payments and contract terms were spread across the organization making financial controls and analytics extremely difficult to compile. Many mechanics in the assorted plan logic provided no inherent strategic purpose from other varieties, while other variances were key to the organization's collaboration efforts. To reach their strategic goals, compensation was identified as a main driver and included in the organization's strategic roadmap.

The need for a **centralized, automated, and flexible approach to compensation** became evident, and the organization underwent a strategic overhaul of its compensation philosophies and centralization of the process.

This led to the development of sophisticated compensation models, which efficiently valued provider time and contributions across various diversity levels, by integrating a strong set of core components. OSF aimed to sustain compensation structures that supported its strategic vision. However, managing these models proved unsustainable and risky due to manual processes and obscured data issues. To address this, OSF designed versatile core plans, initially moving only 40% of providers, with the remaining 60% transitioning during the automation process. This approach required adaptability to accommodate the diverse needs and specialties of all provider populations.

After revamping their plan design, OSF recognized that despite compensation being crucial for success, the connections among Human Resources, Operations, and Finance were not conducive to provider compensation. This left the compensation team overwhelmed, spending most of their time addressing disconnects, resolving issues and fighting fires. The aggregation of compensation data made validation and issue identification challenging, with assignments hindered by inconsistent logic at the transaction level and a lack of detail visibility, necessitating labor-intensive processes. Additionally, scaling these models proved problematic due to exceptions made without evaluating their management or alignment with the organization's strategic objectives, further complicating the process.

They aimed to enhance engagement in strategic initiatives by offering transparency to both administrators and providers, without overburdening the administrative processes.

Understanding this meant moving away from inconsistent and disparate procedures without oversimplifying models, OSF sought a compensation solution flexible enough to automate all plan specifics. This approach would allow for the advancement of their strategies without limitations, while also alleviating management burdens.

Evolving Compensation: OSF's Journey to Smart, Flexible Models

OSF COMP STRUCTURES & PLAN CATEGORIES

OSF's Compensation Plans and Incentive Measures are complex, with nine unique comp structures leveraged and customized across specialties, regions, and overarching components. The models all have intentional design, governance, and guiding principles and all include aspects of quality, access, and teamwork.

1. Traditional salary, guarantee/upside, and productivity plans and components
2. Tier salary structure with intentional design, ancillary totals, and a point system mixed with population health drivers and various accelerator programs
3. Pool plan fostering a group-centric approach, accommodating physicians nearing retirement. Elements of shared comp, individual and regional, as well as value-based incentives and additional compensation (eg, stipends).
4. Shift-based plans with varying shift drivers (expected shifts, hours per shift, etc), shift differentials, and productivity elements.
5. A variety of combo plans with a mix of traditional productivity models and tier salaries where base salary is evaluated and reset in various time increments with rolling 12-month performance models

COMP PLAN DRIVERS

Within those categories, key drivers and metrics with different considerations across plans, specialties, and groups exist.

- ▶ Panel (age and gender adjusted)
- ▶ FTE (worked and contractual)
- ▶ Base/Draw/Salary
- ▶ Shift/ Shift differentials
- ▶ Production- wRVUs
- ▶ Phantom/Proxy wRVUs
- ▶ Late Encounters
- ▶ FMLA/Leave
- ▶ Directorships/Admin
- ▶ Research
- ▶ Faculty Time
- ▶ Market Adjustments
- ▶ FMV guardrails and alerts
- ▶ Call Coverage

Additionally, there are robust value incentive measures including a mix of CMS measures, Panel and Patient Experience and overall system performance (eg, Ministry Success targets). Across all the plans and groups, these incentives have different measurement assignments (eg- different measures included based on plan/region/market), goals, thresholds, and targets.

ORGANIZATIONAL HIERARCHY & TIME ELEMENTS

OSF has 90 specific groups requiring varying measure logic (e.g. RVU assignment/calculation or value measure assignment) and different access across 300 admins and 1,200 providers. Many of their measures and plans are calculated on a rolling basis and payment methodologies and timing (e.g. Quarterly, Annual, Monthly) differ across plans and components.

Although the design and strategy of these models aligned with the organization's strategic goals, managing them in Excel and existing internal databases proved untenable, leading to issues with timeliness, transparency, accuracy, and administrative staff burnout. Transitioning providers to these plans has been a multi-year effort and continues. As new provider groups integrate into the core plans, their unique differences require meticulous management, underscoring the need for a flexible automation solution at OSF.

ProCARE & OSF Partnership Benefits

OSF Healthcare partnered with ProCARE in its groundbreaking path to refine its compensation frameworks and confront the intricate challenges of departmental integration, data transparency, and operational efficiency head-on. ProCARE's revolutionary platform is equipped with a powerful rules engine and robust support from the Professional Services (PS) team, designed to seamlessly integrate complex data streams across Finance, Operations, and Human Resources.

This strategic move towards employing advanced technology and expert guidance has been pivotal in crafting a comprehensive and adaptable compensation system. By leveraging ProCARE's capabilities, OSF has not only streamlined administrative processes but also significantly empowered its providers, ensuring alignment with the organization's strategic objectives. The transformation facilitated by ProCARE's sophisticated rules engine, dedicated PS team, and superior data integration, showcases OSF's commitment to setting a benchmark for compensation management within the healthcare sector.



SIMPLE & COMPLETE INTEGRATION

- ▶ Highlighted and fixed process and data integration issues with other departments across Finance, Operations, and Human Resources
- ▶ Created a single source of truth around provider payments and organizational attributes
- ▶ Increased provider visibility to monthly data (from quarterly or annually)
- ▶ Reduced processing time from months to days

ProCARE empowered the compensation team with a significant voice, influence, and control over downstream decisions, transforming what were once afterthoughts into integral parts of the process and greatly enhancing the efficiency of compensation administration.

ANALYTICS, BENCHMARKING, FMV, MODELING & SHADOWING

- ▶ Single source of provider payments allow for a high degree of accuracy in accruals and financial planning
- ▶ Automated FMV reporting and guardrail management with consolidated total compensation calculations
- ▶ Provide impact modeling of new benchmarking data and changes to hundreds of control valves to drive value funding, component weight, and other methodologies

ROLE-BASED ACCESS

- ▶ Fully automated leaders and provider access across the organization where individuals are given both appropriate role access (screen/functional) and data access to ProCARE based on Plan, Group, Speciality, Provider, or combinations

FACILITATE PROVIDER ENGAGEMENT

- ▶ Clear visibility to plan components, weights, and linkage to strategic direction of org, custom comp statements, interactive dashboards, auto-delivered comp summaries, Incentive Dollar Tracking AND Comp Measures in the same place
- ▶ Access to detailed transactional data
- ▶ Providers access to dynamic dashboards and detailed reports in ProCARE
- ▶ Custom emailed statements that simplify the calculations and mimic the heavily manual and onerous reports the comp team used to build and mail merge

EMPOWERED WORKFORCE

- ▶ Providers access to detailed calculations and transactional data to support their compensation and drive behavior
- ▶ Transition the comp team from spending 80%+ of their time on model calculation and data issues to a more efficient and precise 20%
- ▶ Shifted time spent to improving models and upstream/downstream components with accurate data versus struggling to stay afloat



SAVED TIME, REDUCED ERRORS & SHIFTED FOCUS TO STRATEGIC INITIATIVES

Prior to ProCARE the comp team was challenged every day of the year to stay on top of annual calculations and distribute provider statements. Many groups would not get data regularly, and the data that was provided was at risk of being incorrect due to time crunch and managing all of the plans moving pieces (data elements, org attributes, etc). With ProCARE in place, the data is fed automatically at month close, and the OSF team can generate all plan data and statements in under three days. Now the team can re-allocate time to:

- ▶ Managing outcomes and results
- ▶ Ability to implement year-over-year changes
- ▶ Advancing models
- ▶ Keeping up with the inherent manual aspects of large-scale comp management (plan changes, exceptions, data validation, overrides, etc)
- ▶ Enable strategy execution
- ▶ Increase accuracy
- ▶ Maximize value payments
- ▶ Manage day to day workflow
- ▶ Improved financial data
- ▶ Implementation of year-over-year changes. Ability to onboard new providers into custom plans based on their specialty and necessary mix. Ability to evolve by increasing team-based elements, adding value metrics and introducing risk.

TRANSITION TO VALUE

OSF's commitment to continuous improvement, innovation, team-based strategies, and deployment of technology resulted in an agile, transparent, and easily-adopted compensation system. This allowed them to focus on the organizational success of attaining measures and linking provider compensation to those measures, to realize a \$50 million revenue opportunity, achieving an impressive \$30 million derived from value-based dollars.

The transparent governance structure, proactive compensation team, and strategic initiatives showcase OSF as a leader in value-driven healthcare.



Tech Infrastructure and Compensation Automation

DATA INTEGRATION

OSF receives data from various sources, including HR, UKG, Epic Clarity for EMR data, and shift-based data from the agenda.

Over 20 automated feeds and manual transaction data files contribute to a comprehensive dataset

DATA TRANSFORMATION

The ProCARE Data Transfer Utility (DTU) plays a crucial role in transforming incoming data.

The DTU addresses the complexities of data variances across the 15 different markets served by OSF Healthcare.

RULES ENGINE

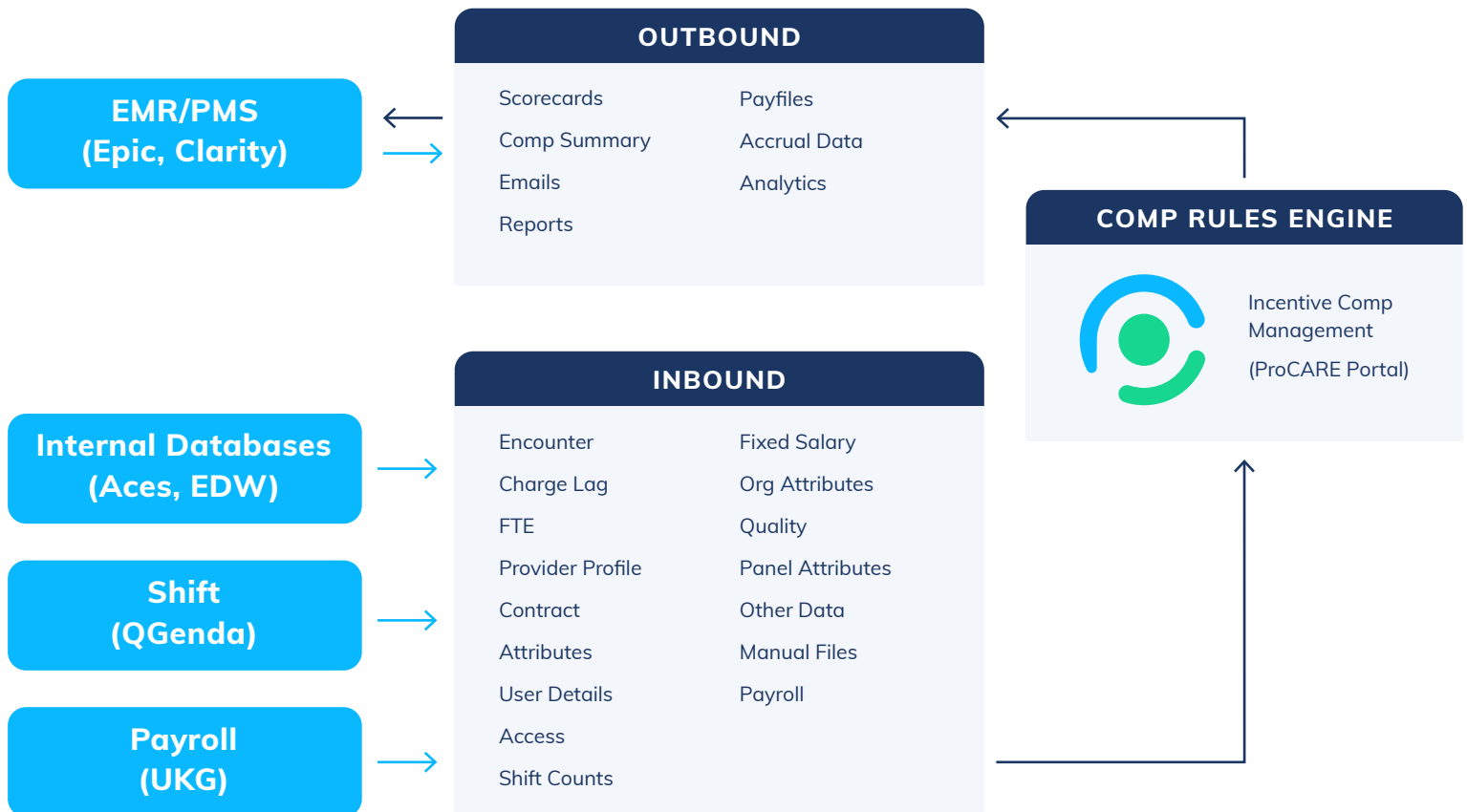
The Rules Engine enables the transformation of data into actionable outputs.

It manages and drives the organizational hierarchy, an essential element to control comp attributes based on specific criteria. Factors include region, market, specialty, group, policy, and more.

USER CONFIGURABILITY

The Rules Engine is transparent and user-configurable, with OSF Analysts regularly interacting with the engine, making additions and adjustments.

Configurability allows them to trace comp logic, providing a deeper understanding of plan calculations beyond what is outlined in the plan document.



ProCARE Partnership: Continuous Collaboration & Flexibility for Evolution

OSF's team works closely with ProCARE experts in an ongoing partnership. Analysts collaborate with ProCARE specialists to support compensation logic, address challenges, and make enhancements. ProCARE provides strategic input for new projects and implementations of specialized plans.

The flexibility of the infrastructure allows OSF to evolve its compensation models continuously. The user configurability empowers the organization to adapt to changes in strategy, policy, and market dynamics, ensuring that compensation models stay relevant and aligned with organizational goals.

CONCLUSION

OSF's journey from compensation challenges to a strategic, value-driven approach, leveraging technology and innovation, positions them as an industry leader. The commitment to transparency, continuous improvement, and alignment with evolving healthcare landscapes reflects OSF's dedication to delivering high-quality care through effective provider incentive compensation management.

The decision to leverage a flexible compensation platform has setup OSF stakeholders for success and enabled the organization to leverage compensation to achieve its strategic goals.

OSF's provider incentive compensation system exemplifies a commitment to high-quality care, strategic value-based approaches, and team-based strategies. ProCARE's technology empowers OSF as a leader in maximizing opportunities in the dynamic healthcare delivery landscape.

