



# PRACTICE PERFORMANCE INDEX

*Thriving in the  
New Medical Economy*



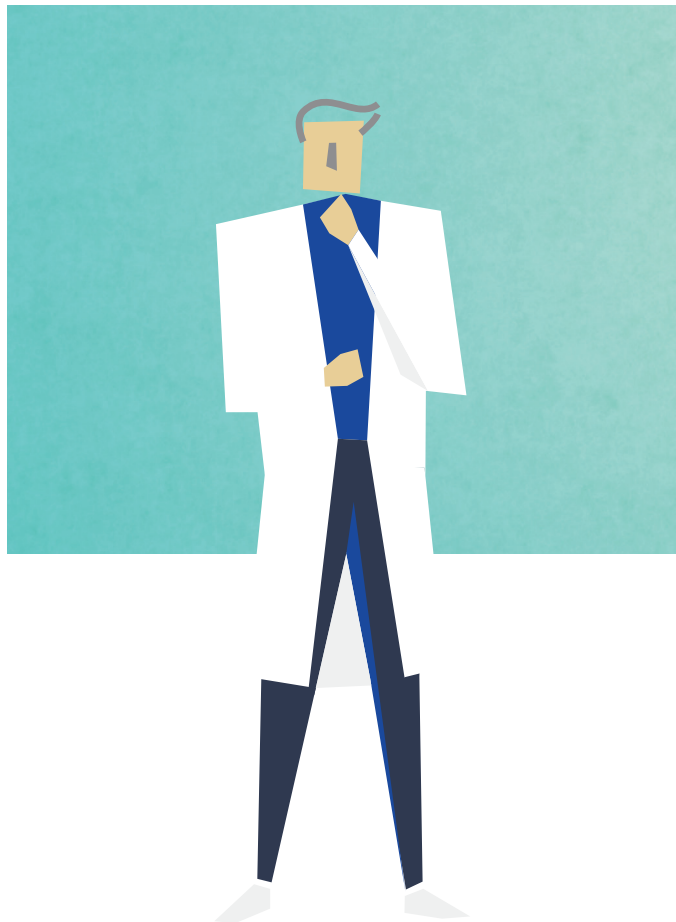
# PRACTICE PERFORMANCE INDEX



The Practice Performance Index (PPI) provides an annual window into the issues affecting the financial and operational performance of medical groups across the United States. It serves as a barometer of the current state of physician practices spanning a wide range of practice sizes and specialties and provides insight into what physicians expect of the year ahead.

CareCloud has been tracking the financial and operational performance of physician practices since 2013 through partnerships with leading organizations in the field. In 2017 the PPI has been carried out with the support of UBM Medica, one of the largest healthcare media and publishing companies in the United States.

2,020 physicians and practice administrators participated in the 2017 edition of the PPI survey during March and April of 2017. Participants provided their insights via an interactive online survey.



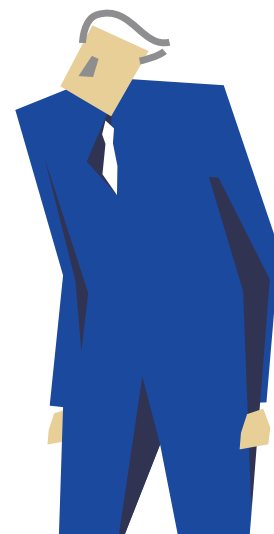
This year the theme is “Thriving in the New Medical Economy” and focuses on what practices are doing today to adapt to changes in the market, building on CareCloud’s report on The New Medical Economy released in February 2017. For the first time, the PPI looks more closely at what High Performing practices are doing today — and therefore what lessons they hold for other practices hoping to thrive in this new landscape.

High Performing practices are defined as those that saw improvements in at least three of the following five performance dimensions over the last three years:

- Practice Collections
- Number of Practice Locations
- Number of Providers
- Total Patient Volume
- Provider Satisfaction

Conversely, practices that were grouped in our Falling Behind segment saw declines in at least three of the five performance dimensions stated above.

High Performing practices represent 24% of survey respondents, and Falling Behind 15%.



# Introduction

What medical groups used to do in the past to be successful is still relevant in 2017 — but now those activities are no longer enough. Ensuring collection rates remain high and denials low, billing processes are running smoothly, and patients receive high-quality care are still important, but they no longer dictate who wins and who falls behind in this new medical economy.

This new environment is forcing practices to go above and beyond the status quo. It sounds daunting, but in fact we believe that the choices and actions required of them brings providers closer to their original motivation for entering medicine: more engagement with patients, a stronger relationship between provider and patient, and better outcomes for all.

Multiple macro trends are driving the market in the same direction: value-based care as a reimbursement approach, the consumerization of medicine, and the changing business landscape. These trends are forcing medical groups to react — there is an opportunity to be proactive instead, and those groups that embrace this new medical economy are being rewarded with higher growth, a more loyal patient base, and more satisfied providers.

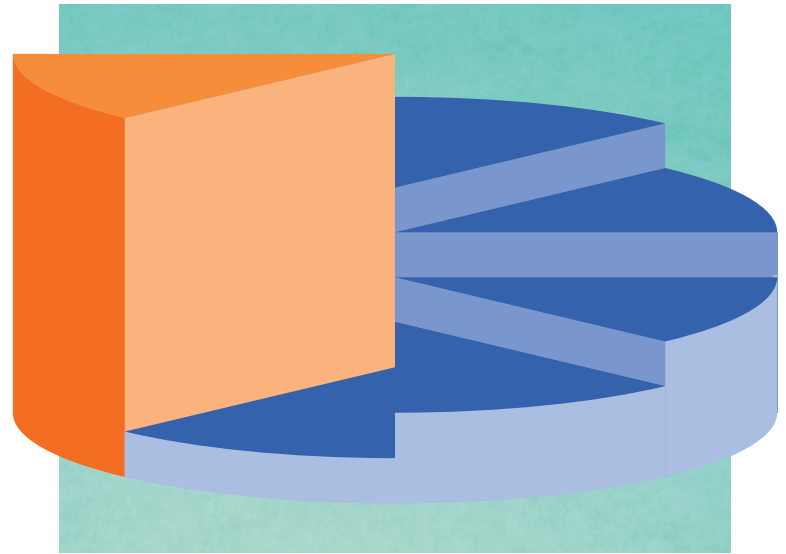


# Key Findings

**Changes in the reimbursement landscape are here to stay, but less than half of practices have a plan.** The response to the transition to value-based care has been slow and plagued by confusion and uncertainty. Fully 18% of respondents did not plan to take any action, expecting the law to change with the incoming administration. However, it is clear that being a High Performing practice means being proactive about changes: Only 13% of this group don't have a plan, compared to 29% for the Falling Behind segment.

**New innovations in healthcare take time to be adopted...** Other than patient portals, more than half of respondents expressed no interest in a range of technologies available today. Top reasons for adopting new technologies included improving provider efficiency and productivity, providing a higher quality of care, and improving the patient experience.

**...although groups that embrace them see better results for their practice.** High Performing practices have higher adoption rates of new innovations across the board when compared to those Falling Behind. These High Performing practices enjoy higher satisfaction too: Only one in 10 providers in High Performing practices is dissatisfied compared to a disheartening three-quarters in Falling Behind practices.

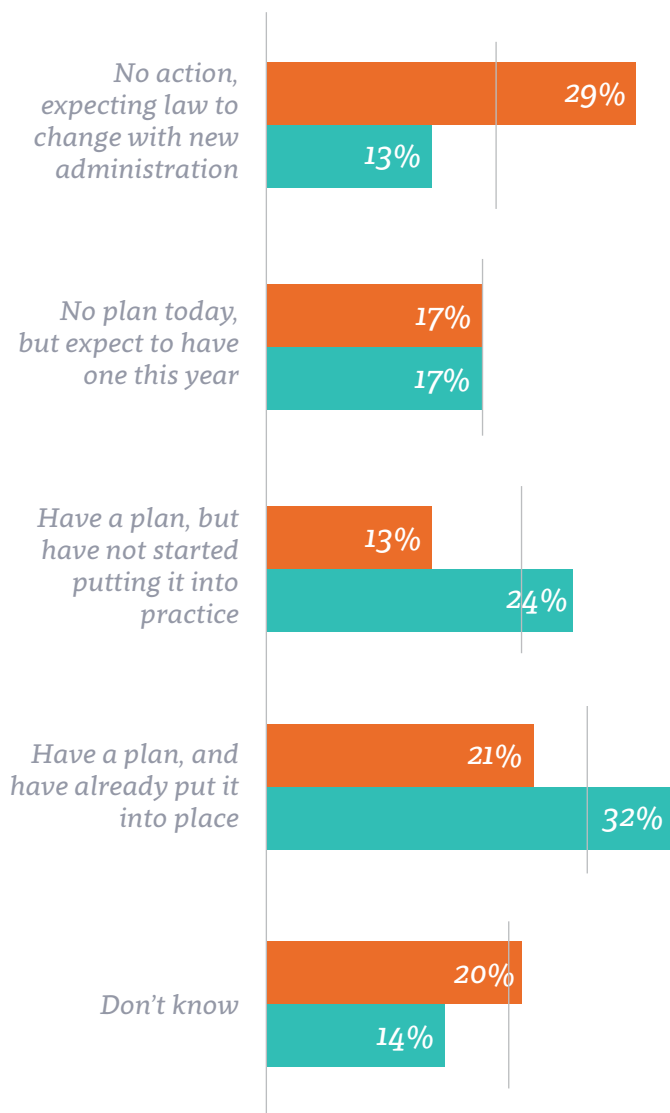


**The shift to a consumer mindset by patients is forcing practices to adapt — those that listen to their patients are more likely to thrive.** Only a tenth of practices are not changing in response to higher out-of-pocket expenses for patients, with the most common actions involving training the front office staff to ask for payment, offering payment plans, and asking patients to pay a greater share of balances at time of service. However, while High Performing practices carry out patient surveys and use online review sites, fully 44% of Falling Behind practices collect no feedback from patients.

**Competitive pressures have been rising over the last three years, and they are expected to intensify further.** Respondents were broadly split when looking back at the last three years of competitive pressures: 46% felt they had intensified while 48% thought they had remained the same. However, there is greater agreement on the future: 57% expect competitive pressures to increase over the next three years, and only 38% expect them to stay the same.

# UNCERTAINTY AND SLOW RESPONSE TO CHANGE

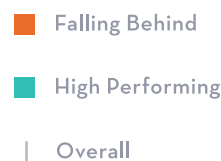
Figure 1:  
How practices are addressing the transition to value-based care



## Few have plans to address value-based care

Medical practices across the U.S. have been slow to react to changes in insurance markets and reimbursement models. Only a quarter are acting on a plan, with a further 20% waiting to put their plan into action.

There is a clear link between high performance and proactivity when it comes to regulatory changes in the marketplace: While 56% of High Performing practices have a plan, only 34% of Falling Behind ones do. Unfortunately for these practices, not being ready for new payment models will only exacerbate their challenges: Penalties and fee adjustments are a common feature of value-based reimbursement models.



# UNCERTAINTY AND SLOW RESPONSE TO CHANGE

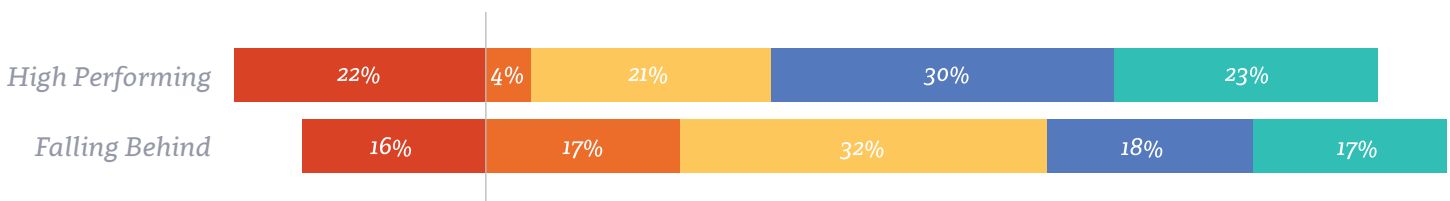
## MACRA still an unknown for many and a source of penalties for some

With the final ruling only completed by CMS in October 2016, it is little wonder that many practices are still unaware of the law’s details — and some are resigned to accept penalties even if they are easy to avoid.

The response by practices that have seen improvements in their performance over the last three years is again markedly different, and in many ways comes down to their attitude toward new payment models: Only 4% are resigned to paying a penalty v. 17% of Falling Behind practices.

To learn more about MACRA and what practices can do to not just avoid penalties but to aim for incentives, you can visit [carecloud.com/mips](http://carecloud.com/mips) and watch our most recent webinar on the topic.

Figure 2:  
How practices are approaching MACRA in 2017



# UNEVEN INTEREST IN RECENT INNOVATIONS

## Practices see many potential benefits from adopting new technologies

Efficiency and productivity improvements are the most common reasons for practices to adopt new technology, likely because of the impact on both financial performance and provider satisfaction. High Performing groups differed most markedly from those that have been Falling Behind on their view of the impact new innovations have on the quality of care they provide. While 60% of High Performing practices rated this amongst the top three reasons, only 42% of Falling Behind did.

In part, this is a result of different attitudes toward the role technology plays in medicine: Fully 18% of Falling Behind practices did not choose a reason, with “innovations have destroyed medicine as it was” and “being forced by government against our wishes” representative responses.

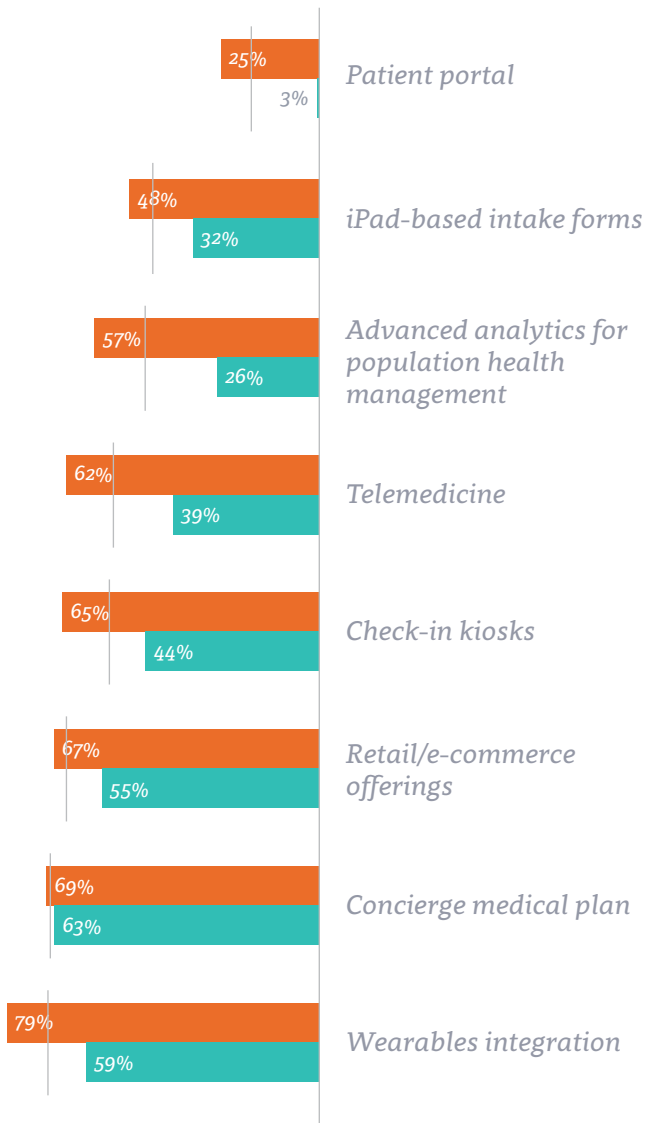
Figure 3:  
Top 3 most important reasons to adopt new innovations in healthcare





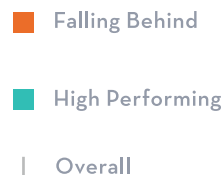
# UNEVEN INTEREST IN RECENT INNOVATIONS

Figure 4:  
Share of respondents expressing “No Interest” in trying or buying new technologies



## However, only a few have shown interest across a range of innovative new offerings

Patient portals have seen wide adoption driven by Meaningful Use requirements, although even then fully one-quarter of Falling Behind practices expressed no interest in trying or buying them. Of a range of other new innovations, iPad-based intake forms are seen as most attractive, with only half of all respondents expressing no interest (and only a third of High Performing groups). On the other end, integration with wearables and concierge medical plans elicited the highest levels of skepticism, with close to 70% of respondents expressing no interest in pursuing.



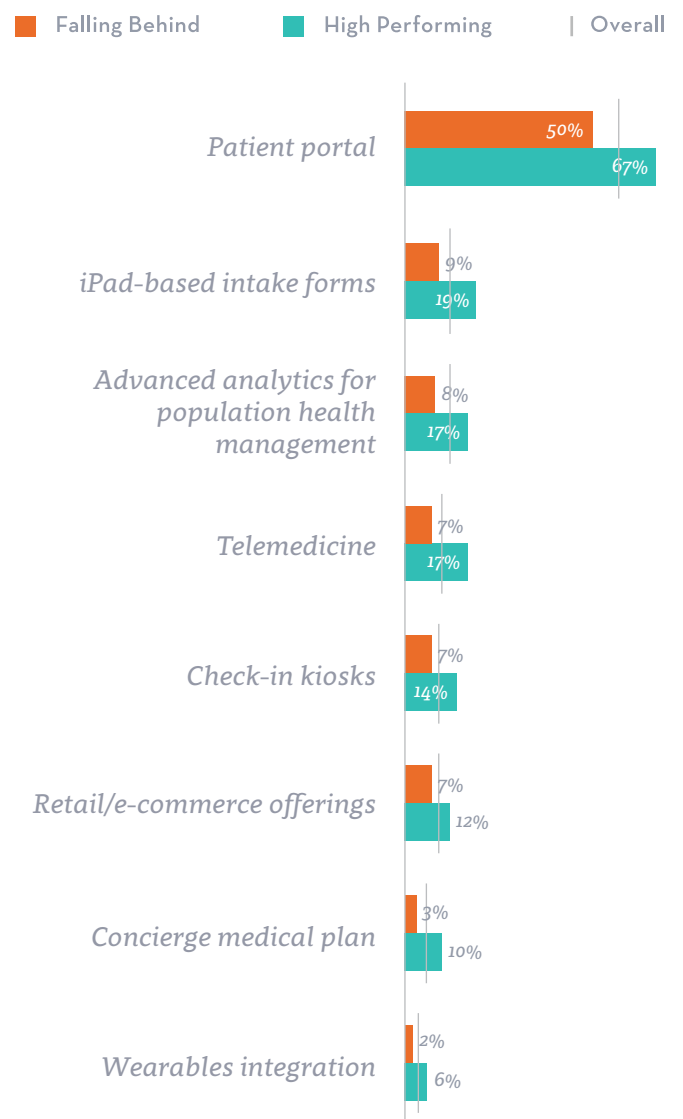
# TECHNOLOGY ADOPTERS SEE BETTER PERFORMANCE

## High Performers are twice as likely to adopt new technologies that differentiate them and deliver choice to patients

Practices that have seen improvements in key performance metrics over the last three years are also much more likely than those that have struggled to implement new technologies. Not only have they embraced patient portals, but they are leading in adoption of innovations like advanced population health analytics (19%), telemedicine (17%), iPad-based intake forms (17%), and check-in kiosks (14%).

It is no coincidence that many of these are directly addressing the patient experience and trying to make it more convenient, modern, and enjoyable for patients — practices that act to place patients at the center of their investment decisions consistently see returns to financial and operational performance.

Figure 5:  
Share of respondents that have implemented new technologies



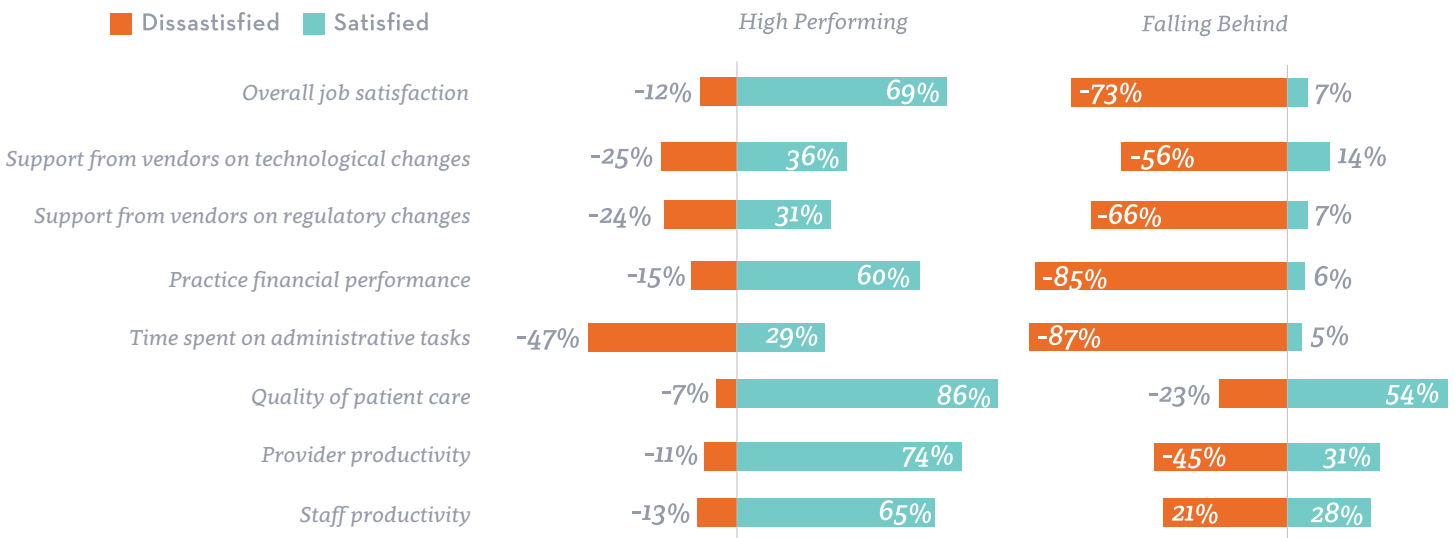
# TECHNOLOGY ADOPTERS SEE BETTER PERFORMANCE

## Staff in High Performing practices have much higher overall job satisfaction

High Performing practices, which tend to adopt new technologies at higher rates than the overall market, experience noticeably better results across a number of key practice performance indicators. From staff and provider productivity to the financial performance and overall provider job satisfaction, High Performers are much more satisfied with their performance than Falling Behind practices.



Figure 6:  
Provider satisfaction across dimensions of performance



# PATIENT-CENTRIC APPROACHES SUPPORT HIGH PERFORMANCE

Figure 7:  
Actions being taken to improve patient experience



## High Performing practices are already adopting a range of patient experience improvements

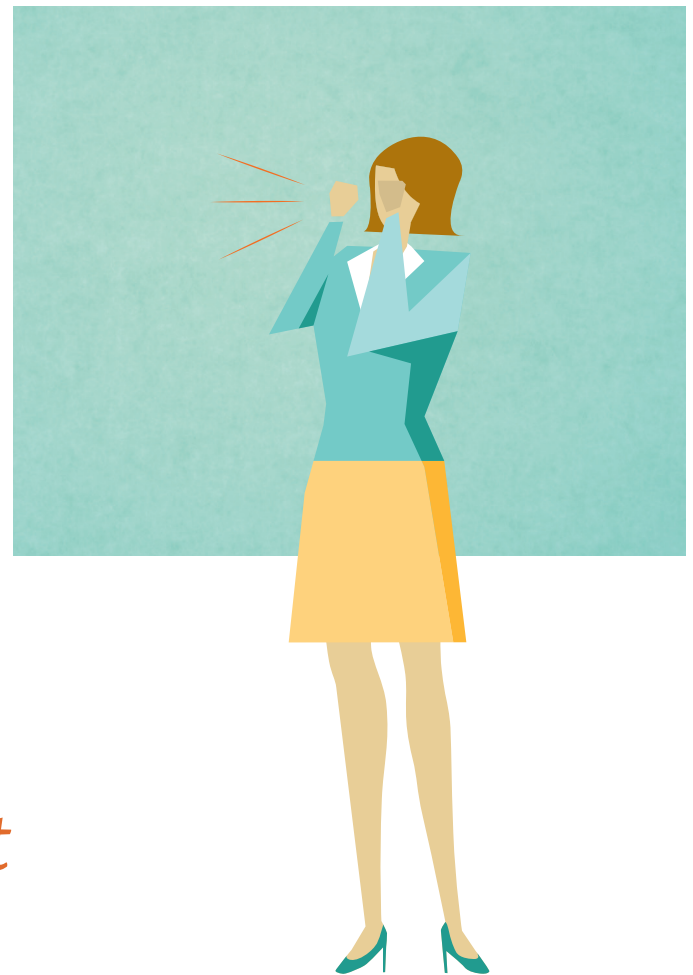
As patients increasingly face higher deductibles, co-pays, and co-insurance, their decision-making is dramatically changing. They bring the high expectations and stringent requirements from other areas of their life to their healthcare experiences, in part because there is more choice than ever on how to get care and because new technologies are making it easier to compare providers.

Many practices have moved to offer more same-day appointment times and payment plans, increasing convenience for patients seeking care and paying for care. Some of the more successful practices have invested in telemedicine (24%), additional payment options (21%), and check-in kiosks (19%) to expand further the level of service and convenience offered to patients.

# PATIENT-CENTRIC APPROACHES SUPPORT HIGH PERFORMANCE

## Collecting patient feedback is a critical component of delivering better experiences

In order to improve the patient experience and deliver the higher levels of convenience patients increasingly expect, it is critical that practices listen to them closely and regularly. High Performing practices stand out in both the rate at which they collect feedback (only 17% do not v. 44% of Falling Behind practices), and the many approaches they use to ensure complete coverage.



*“We currently do not collect feedback”*

*- 44% of Falling Behind practices*

# INCREASED COMPETITION IS HERE TO STAY

## Competitive pressures were high in the past...

Medical groups have faced a continuous increase in competitive pressure over the past few years, with a wave of consolidation compounding a number of changes in the reimbursement models of many payers.

Close to half of all practices, and more than 60% of Falling Behind practices, have experienced intensified competitive pressure over the last three years. A small minority of practices (6-8%) have actually seen competitive pressures decrease over time.

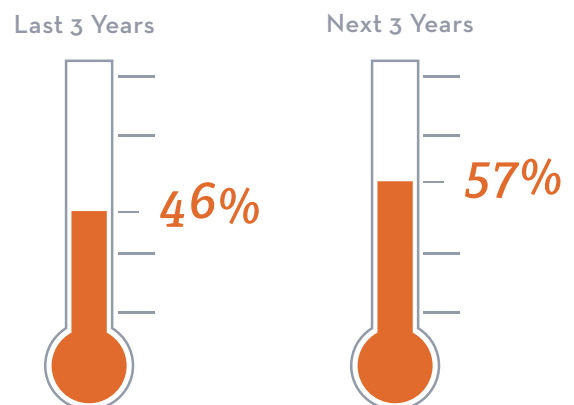
## ...and are only going to increase in the future

Much higher numbers of medical groups expect competitive pressures to intensify over the coming three years, leaving practices with potentially daunting tasks ahead as they try to combat regulatory changes, more demanding

patients, and more aggressive competitors all at the same time.

Unlike in the past, High Performing practices actually expect pressures to intensify at higher rates than those Falling Behind (63% v. 52%) — this could be as a result of their greater degree of forward planning (many have a plan for value-based care transitions) or may simply reflect a more realistic assessment of the many challenges facing practices today.

Figure 9:  
Share of respondents that believe competitive pressures have increased



# Closing Thoughts

There is of course no single action or decision that makes a practice more likely to be a High Performer instead of Falling Behind in this new medical economy. However, there are a few clear actions that all practices can take to improve performance:

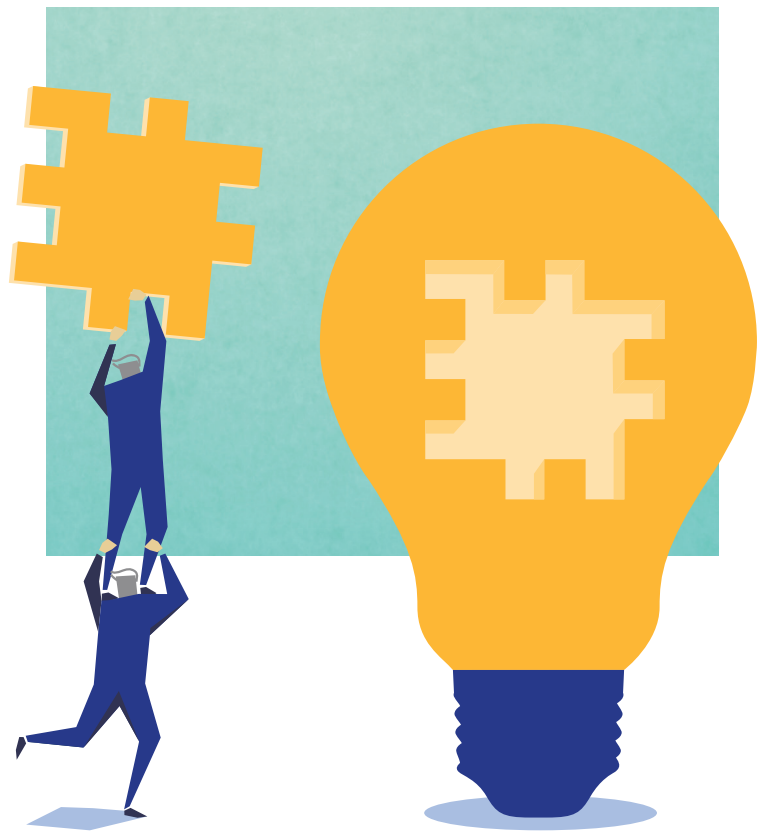
- Proactive approach to changes in reimbursement models
- Openness to trying new technologies
- Investing in patient-centric service improvements like same-day appointments, payment plans, and patient portals
- Willingness to seek and respond to feedback from patients

The healthcare landscape is changing — there is no longer any question about it — and for medical groups that want to not just cope, but thrive, the path ahead is clear. What is encouraging is that the actions that practices should take to be High Performers are likely to pay dividends across all areas of performance: proactivity, openness, and a patient-centric approach to investments.

We don't believe that adapting to this new medical economy should be a daunting task left only to wealthy practices with smoothly running operations. Some of the changes are easy: For example, gathering patient feedback through surveys (either electronic or on paper) at the end of a visit can generate ideas for prioritizing investments so that patients and providers benefit.

Work with your current technology provider to see what they offer in terms of new technologies and patient experience management, and seek out partners that can help your practice join the ranks of High Performers.

The healthcare landscape has gone through tremendous change, but medical practices should only expect this to continue and in many cases intensify over the coming years. What used to work in the past is necessary but no longer enough — adapting and embracing this new medical economy is the only way to guarantee success and thrive in the years ahead.





CareCloud is the leading provider of cloud-based revenue cycle management (RCM), practice management (PM), electronic health record (EHR), and patient engagement solutions for high-performance medical groups.

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