Corporatization:
The Corporate Perspective
Thursday, October 22, 2020
Housekeeping Notes

The American College of Radiology (ACR) provides this RLI Power Hour program as an educational resource for attendees. The faculty will offer their individual perspectives but do not speak for ACR.

We welcome your questions but faculty and presenters cannot discuss specific prices, fees or other terms of any specific corporatization-related transactions. We welcome your insights and have to ensure that ACR and its members stay on the right side of the law.
Let’s Meet the Faculty

Glenn S. Kaplan, MD
Envision Healthcare

Ben Strong, MD
vRad

Robert L. Mittl, Jr., MD, FACP
Charlotte Radiology
Physicians’ Perspective on the Benefits of a Consolidated Radiology Group Practice

Empowering Clinicians, Enhancing Patient Care

Glenn Kaplan, MD / Envision Healthcare
Bob Mittl, MD / Charlotte Radiology
Ben Strong, MD / vRad

October 22nd, 2020
Learning Objectives
At the conclusion of this webinar, participants will be able to:

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<tr>
<th>At the conclusion of this webinar, participants will be able to:</th>
<th>Identify commonalities across all consolidated radiology group practices</th>
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<td>Identify areas that can differ among consolidated radiology group practices</td>
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<td>Describe the timeline of phases a practice undergoes when joining a consolidated medical group</td>
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U.S. Healthcare System Medical Group Trends

Stage 1: Opening
- Recognizing benefit of working together
- Unifying groups to improve best practices and drive innovation in care delivery and technology across the nation
- Focus on enhanced patient care and revenue to grow clinical support resources

Stage 2: Scale
- System trending toward consolidation
- Large medical groups emerge, offering diverse practice opportunities and enhanced patient care
- Groups maintain physician-led culture while integrating new groups
- Focus on retaining/attracting talent and protecting and empowering clinicians
- Building a scalable IT platform is crucial to the rapid integration

Stage 3: Focus (Radiology in 2020??)
- Delivering value to healthcare partners and patients
- Value-based care drives large-scale consolidation – offering hospitals, health plans and communities high-quality, patient-centered, cost-effective care
- Emphasis on core capabilities, focus on long term outlook

Stage 4: Balance and Alliance
- Embracing leading medical groups trusted and valuable partners
- Continue innovating and advancing the delivery of quality care
- Refine core operations and offerings in a mature healthcare system
- Augment care delivery through new care models and approaches
- They must be alert to the potential for complacency

Radiology remains highly fragmented with the largest practices providing ~10% of the combined national radiology services

Classic 2002 HBR article on consolidation: [https://hbr.org/2002/12/the-consolidation-curve](https://hbr.org/2002/12/the-consolidation-curve)
Benefits to Patients

- Improved access to care, esp advanced technology like AI
- Sub-specialty care
- Process improvement
  - ED-Rad integration
  - Clinical Decision Support
- Rural access
- Value Based care
  - Improved mammography screening and recall rates
  - Improved tracking of incidental findings to improve outcomes
Benefits to Physicians

- Security and professional growth
- Focus on clinical practice with support for ancillary functions like call center and QA

**Flexibility**
- Schedule control
- Work-life balance
- Sub-specialization
- Workflow management

Access to advanced technology for patient care, efficiency, workflow and more
## Benefit to Large Groups

### Advantages of scale
- Back office support
- Technology
- Management expertise
- Capital for expansion
- Quality initiatives

### Broader partnership with healthcare partners like hospitals and health plans

### Security and income, high valuation of practices

### Focus on clinical service delivery with support for ancillary functions
- Recruiting
- Call center
- QA
- Demand-capacity modeling

### Ability to Innovate and drive improvements in care delivery
The Virtual Radiologic Model

Benjamin W. Strong, MD
Chief Medical Officer, vRad

October 22, 2020
Virtual Radiologic
Virtual Radiologic
Virtual Radiologic

Volume, Radiologists, and Major Events

[Graph showing data on volume, radiologists, and major events over time]
Virtual Radiologic
Virtual Radiologic

Volume, Radiologists, and Major Events

- Study Count
- Head Count
- FTE
Virtual Radiologic
Virtual Radiologic

1600 Client Facilities
500 Radiologists
Over 65,000,000 total studies
7,000,000 annual studies
20,000 nightly studies
Advantages and Disadvantages

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Benefit of a National Medical Group

Supporting Physicians, Focusing on Patient Care

Glenn Kaplan, MD
Envision Healthcare
Envision Healthcare
A Leading National Medical Group
We Deliver Care When and Where It’s Needed Most

27,000 physicians and advanced practice providers

32 million patient encounters a year

10 million radiology reads a year
COVID-19: Protecting Clinicians, Ensuring Patient Care

800 radiologists equipped to read from home

5 million items of PPE

Sharing best practices across country in real time

500+ clinicians deployed to hot spots

200,000+ virtual health visits

Cared for at least 1 in 10 hospitalized COVID-19 patients
The Right Radiologist. The Right Read. The Right Time.

- Proprietary case routing software
- Incidentalomas tracking
- Network of subspecialists
- 24/7 access to final reads in <20 minutes

- 3% of cases reviewed across 10 million reads
- 0.50% discrepancy rate of clinically significant studies
- Mammography screening recall rates reduced
Empowering Physicians to Focus on Patient Care

- Wellness and Peer-to-Peer Support
- Administrative Support
- Physician-Led Leadership Opportunities/Coaching
- Clinical Research
- Continuing Medical Education
Come for the job.
Stay for the career.
Consolidation Models for Private Practices

- All involve potential changes in governance, compensation, and control
  - In search of the benefits and safety of scale
- Loose association
- Merger of independent groups
- MSO
- Hospital employment
- Investor-backed
  - Employment
  - Physician ownership
Variations among Investor-backed models

- “If you’ve seen one, you’ve seen one”

- All strive to obtain the advantages of scale
  - Back office
  - Clinical

- Alignment and control
Variations among Investor-backed models

Variables

- Decision-making for the clinical practice
- Focus on clinical quality
- Compensation
- MD equity ownership
- Term of agreement
- Corporate vision
Questions to ask about Investor-backed models

Control of the clinical practice

- Who makes decisions over schedule, vacation, staffing, productivity expectations, hiring, firing, adding or dropping a contract?
- Does corporate have veto rights?

Focus on Quality

- How substantial and meaningful?
- Investment
Questions to ask about Investor-backed models

Compensation
- At market?
- How is comp determined
  - Fixed, productivity-based, or JV?

Equity Ownership
- Owner-operator? What percent?
- One class of stock vs preferred shares?
- Other rights? (e.g. buy and sell with investor)
- Growth plans?
- Debt structure?
Questions to ask about Investor-backed models

Term of agreement

- 5 -10 years?
  - What happens then?
- Perpetual?
  - Survive change of control?
  - Clinical?
  - Compensation?

Overall Corporate Vision

- Growth plans, group selection criteria, professional only vs technical assets
- Clinical integration?
Summary

- Consolidation is here
- Models vary
- There are physician-friendly models that retain important features of independent practice, while providing the benefits and safety of scale
Question & Answer

Submit questions via the Q&A menu pane
THANK YOU

- Please share your **feedback** with us! We’ll send the post-webinar survey and recording next week.
- Feel free to **share** with colleagues.
- **Up Next:** Corporatization: The Non-Corporate Perspective on Wednesday, December 9 at 7pm ET
- Register for this and/or other free RLI Power Hour webinars at [www.acr.org/powerhour](http://www.acr.org/powerhour)